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The

CREDIT WORLD

The Official Organ of the NATIONAL RETAIL CREDIT ASSOCIATION



The Yard Stick of the Credit Department



HE Merchant who measures the efficiency of his Credit Manager and the Credit Executive who rates the success of his department upon a large number of declined accounts and an infinitesimal loss from bad accounts is making a mistake.

A narrow minded credit policy often results in greater actual loss than a too liberal one and is an indication of a lack of confidence in our own ability to conduct our credit business.

The successful Credit Executive shows a constant increasing sales volume through the opening of new accounts and developing old ones and makes that volume profitable by effective collection methods producing a high turnover in accounts receivable. He is so confident in his ability and office organization he can be liberal in credit extension.

The too free use of the veto pencil does not build good will or increase sales but courteous service backed by efficient follow up does both.

VOL. XVI—No. 9



MAY 1928

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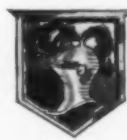
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THE CREDIT WORLD

OFFICIAL MAGAZINE
OF THE
NATIONAL RETAIL CREDIT ASSOCIATION
EXECUTIVE OFFICES

Equitable Bldg.

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Vol. XVI

MAY, 1928

No. 9

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Do You Know?

We often wonder just how many members of the National Retail Credit Association know the extent of the actual work your Association is doing.

Here is a fiscal year's history crowded into paragraphs, which we hope will bring home to each member the fact that their Association is progressing.

Under the leadership of President Leopold L. Meyer of Houston, and working as a unit to carry out his educational plan, we have spent 90% of our energy and resources in bringing to the Merchant, the Credit Manager, and the Public, Credit Educational features.

Our Educational Director, Mr. Guy H. Hulse, traveled thousands of miles and made hundreds of inspirational addresses in both small and large communities.

Through 980 organized Reporting Bureaus, we have kept constantly before the Merchants the necessity of filing all credit information in one central clearing house and obtaining all credit information and reports from one clearing house in each community.

We have upheld the idea of Credit Co-operation among Merchants and the establishment of a community credit policy, as a remedy for profitless and slow accounts.

Ten Regional Conferences of Credit Managers, with an average attendance of 248, and twenty-one Regional or State meetings of Bureau Managers were held under our supervision. A real educational feature.

Our National Pay Your Bills Promptly Campaign, under the management of Vice-President Milton J. Solon of Minneapolis, was responsible for advertisements appearing in newspapers, published in 115 cities, and reaching thirty million persons. This feature increased collection percentages and helped non-members as well as members.

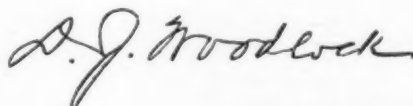
Our Credit Class Lectures for the benefit of Credit Executives, under the leadership of J. H. Edgerton, of McCreery's, New York, an entirely new feature supplying text book knowledge for those who are willing to learn, was taken up by 102 Local Associations.

Our Statistical and Research work, under the direction of Elmer B. Schick, of Crowley Milner Company, Detroit, sent out thousands of questionnaires to members, bringing in a flood of vital statistics which are now being tabulated.

Our Committee on Government Co-operation, supported by R. Preston Shealy, our Washington Counsel, succeeded in securing the assistance of the Department of Commerce in gathering valuable information regarding Retail Trade, with an appropriation from Congress for the purpose.

In addition to these educational features, we have increased our service to the individual members and the Credit Bureaus one hundred per cent.

This is an exceptional record for a fiscal year of ten months.



Manager-Treasurer

Controlling Credit

By J. MORETON, Manager Canadian Bank of Commerce
Windsor, Ont.

Address delivered before Associated Retail Credit Men of the Border Cities

AS CREDIT MEN, my subject is one about which you have a thorough knowledge based on practical experience. I also, in my previous position as inspector, have examined many thousands of balance sheets in which the degree of efficiency with which the credit men have done their work has had a great deal to do with the credit standing of his principals at the bank. This subject is one, therefore, which is of particular interest to both of us, and while I shall approach it from the point of view of a banker, we both have the same aims—to avoid handicapping the business by the locking up of necessary capital in dragging accounts, and to avoid losses.

Before dealing with the technical side of the subject I should like to make a few remarks about the present situation in the Border Cities, and the prospects for the future.

The depression resulting from the United States Immigration question and the shutting down of the motor industries apparently caught many of our merchants unprepared. They had bought freely, and continued to grant credit freely, expecting that the depression would be of short duration. Ten months has now elapsed, and the motor industries are still employing about 2,500 less men than they were at this time last year, and as the employment situation was below normal last year, the situation, with the large increase in population, calls for extreme caution.

The prospects for the immediate future, however, were never so bright. We are given to understand

that the motor industries will shortly be working three shifts a day, and with other developments such as the bridge and the tunnel, we can look to a short period of booming trade. We should not, however, be misled into thinking that such conditions will obtain indefinitely, as there is bound to be a letting down in the motor industries when the prospective period of great activity has supplied the need of the market.

This is a matter which calls for careful planning by our merchants. They must forecast the duration of abnormal activity and make their plans accordingly.

The balance sheets which are coming before me at present reveal the mistakes of the past, but it would seem that providence is about to give our merchants an opportunity to correct these mistakes, and it is to be hoped that they take full advantage of the opportunity given to them and prepare for future periods of depression, which are bound to come.

If rumors be true, there is another matter which will have to be given very careful consideration. We have heard that a large departmental store is likely to commence business in

Windsor at an early date. Wherever this store has located in other cities, it has attracted a large share of the business, but it is to be hoped that the volume of business available here will be sufficient to enable all our business houses to operate profitably even with the added competition.

In dealing with the technical side of the subject, I have decided on the following order:

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Kansas City Will Take Care of All Delegates

BECAUSE of the Republican Convention meeting in Kansas City the week before the Convention of the N. R. C. A., the impression was created there would be considerable difficulty in securing hotel reservations.

We desire to officially announce Manager-Treasurer Woodlock made a special trip to Kansas City for the purpose of inquiring into the situation and is assured by the hosts, the Retail Credit Association of Kansas City, everyone will be taken care of. They have worked out a unique registration plan, have tied up the hotels with an iron-clad contract for rooms sufficient to care for 1,500 delegates, so you need have no fear in this regard.



Controlling Credit

(Continued from page 4)

Installment Selling.

The functions of Canadian Banks.

Finance Companies.

Open Accounts.

INSTALLMENT SELLING

The importance that has been assumed by installment selling in recent years is dealt with in a most complete way by the Professor of Political Economy of Columbia University in a book he has recently published. While the figures he quotes are for the United States, they may be accepted as an accurate guide for Canadian business.

Of 38 billions of goods sold at retail in 1926, he estimates that 4½ billions were sold on the installment plan, and that 2½ billions of installment paper was outstanding on an average.

From the standpoint of the Credit Manager, the all important point is the relation between the amount of merchandise sold and the amount of paper outstanding.

While there is a substantial variation in the various industries of the percentage of paper outstanding to annual sales, it is important that the credit manager should know the recognized percentage for his own business. He should check his percentages each month and ascertain the reason for any variation

from the recognized standard so that steps necessary to adjust unsound practices which may have resulted in the variation can be taken.

The explanation will be found by analyzing the down payments, the length of time given to complete the installments, the amount of payments in arrears, the length of time the payments are in arrears, or a seasonal increase in business resulting in an unduly large proportion of sales being included on which no installments have been paid.

As it is customary to keep the books so that all of the foregoing information is readily available, it should be a simple matter to see at a glance the real reason for the variation.

The margin of safety in permitting variations must be judged by the result of practical experiences and the record of losses over a long period is the only sure guide.

A great deal depends on the kind of merchandise sold, and the rapidity with which it deteriorates or

becomes obsolete. For example, the records to which I have referred show that the recognized ratio between annual sales and paper outstanding for automobiles is approximately 40%, whereas for pianos 100% is regarded as being satisfactory.

I find that the authority I am quoting has the following to say about the furniture business:

"The better installment houses in the furniture business are exceedingly liberal with delinquent purchasers. They exhaust all other possibilities before taking back the goods and they do this as a matter of business, with a view to maintaining their high reputation. Even if they are finally obliged to take back the goods, they not infrequently leave a considerable portion of the furniture to cover a large part of the money that has been paid in. As a consequence, installment selling in the high-grade furniture business has not only been profitable to the firms that conduct the business, but has also been a distinct advantage to the purchaser."

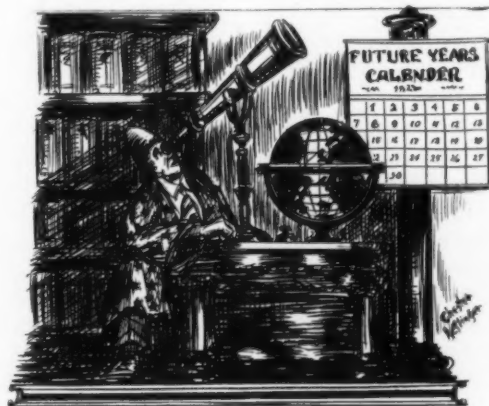
Statistics I have recorded during my experience in various Canadian cities confirm the accuracy of this statement. I think that if a complete record were available, it would reveal that Canadian furniture dealers are just as liberal as those in the United States, and that the loss

record is less than 1%, which is creditable. It is interesting to note also that 80% of the total sales are made on the installment plan and that the down payments average 15%.

As furniture and automobiles account for three-fourths of the volume of installment selling, it is interesting to make a comparison between the methods of each, especially as in one case the life of the merchandise is from 5 to 7 years, and in the other case a generation or sometimes more.

The dealers in motors demand a substantial payment down, usually 33 1-3 on new cars and 40% on used cars, in comparison with an average of 15% for furniture dealers. They give much shorter terms than the furniture dealers, the average time to complete payments being 12 months for motors, compared with 18 months for furniture, and they repossess promptly when payments are in arrears. Their record of losses over a six year period varies from .910 to .035.

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They must forecast the duration of abnormal activity.

Controlling Credit

(Continued from page 5)

which is an even better loss record than that of the furniture dealers.

My object in referring to these two cases in which the life of the merchandise varies so widely is to emphasize the necessity for the management to define a policy to suit its own particular line of merchandise, understand its soundness and then to see that the policy is carried out rigidly by the Credit Manager. It is undoubtedly unwise to make many exceptions to a known sound policy, and the management would be well advised to permit the Credit Manager to deal with delinquent debtors without fear or favor.

The policies may vary widely, but with the rapid spread of installment selling from real estate to most kinds of merchandise, careful thought should be given to the possible effects of a prolonged period of depression such as we are experiencing in the Border Cities at the present time if a large percentage of our citizens are carrying a load of debt equal to from one to two years' income.

It is not our purpose tonight to discuss the wisdom of installment selling. It stabilizes the regularity of output, it redoubles exertion to retain possession of merchandise on which part payment has been made, it permits the consumer to enjoy the goods at an earlier period than would otherwise be practicable, and it has many other good features, but unwise installment selling may accentuate the intensity of a depression to a dangerous degree. Situated as we are in the Border Cities, dependent to an important extent on the activities of the motor industry, which will more or less always be subject to depressions and booms, care should be exercised to see that the policy is formulated on a basis which will not handicap proper financing in a depression such as we are now passing through. With the kind of competition there is in the motor business, we may expect a repetition of the depression in from one to two years' time.

The paper produced by installment selling is financed in two ways: either through a Finance Company or by the merchant himself. The grow-

ing tendency is for the paper to be handled through a Finance Company. If the merchant desires to carry his own paper, he must have either a very substantial amount of capital in his business or borrow from a bank to a greater degree than the banks are supposed to accommodate him if they are to be in a position to finance other industries worthy of assistance. To explain the functions of a bank, I shall read an extract from an address recently given by Sir Joseph Flavelle, which covers the point in an admirable way:

EXTRACT FROM ADDRESS BY SIR JOSEPH FLAVELLE,
BART.

"Under our system of establishing credits which can be used by borrowers when required, the actual volume of such credits is greatly in excess of the cash resources of the banks immediately available for lending. Experience, however, has established the wisdom of these credits; they furnish assurance to business executives that funds will be available when the need arises. The explanation of this unusual course is in the peak requirements of various borrowers developing at different periods of the year. For instance, some borrowers may have their maximum loans in January, others their maximum in September, or some other month. Some may have their loans reduced to a low point for a period of months, and for other months, owe nothing. During these periods of slack requirements from one set of borrowers, other bor-

rowers' requirements are either approaching, or are at the minimum. *It will be observed therefore that when borrowers retain their loans at a high level consistently during the year, they are technically bad borrowers, no matter how excellent the security against ultimate loss. These conditions are not appreciated or not understood by the borrowers, who are frequently angry when their banker presses for a more liquid position. They consider they should not be disturbed or pressed as long as the security offered is apparently sufficient to make their loan reasonably safe. It is to be remembered, however, that banks are organized to serve all*



Canadian Furniture Dealers are just as liberal as those in the United States.

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Controlling Credit

(Continued from page 6)

borrowers who require advances against liquid assets, for their legitimate need over various periods in the year. The bankers are, therefore, right in seeking to establish the practice that each borrower at some time during the twelve months will pay off his loans, and for a period require no advances. The more completely this practice is established, the greater the ability of the banks to serve a larger number of borrowers, with less risk of loans becoming doubtful, and consequently less danger of losses. If the banks permitted borrowers' loans to constantly approximate the authorized credit, or to continue at an important percentage of the credit, they would drift into practical partnership in business; they would limit their ability to serve effectively the general money requirements of the country, and in consequence, show disregard of their responsibilities under the Bank Act. The banks can have no interest in becoming partners in their customers' business. They are lenders of money, which should be repaid without impairment. *It is their duty and practice to lend to borrowers who, having sufficient capital to take care of their normal requirements, seek additional resources by way of loans, over a period when the activities of their business call for such assistance.*"

This is an enunciation of the functions of our Canadian banks by an industrialist and financier of the first calibre, and it needs no amplification by me. It should always be borne in mind that the banks' duty is to serve the whole community, and not a few favored customers.

I shall now turn to the functions of Finance Companies.

FINANCE COMPANIES

I made the statement that the practice of selling on the installment plan creates in the United States the substantial sum of 2½ billions of installment paper on an average. The problem of financing this amount of paper is largely assumed by finance companies. You will recall that I stated that motor cars and furniture account for three-fourths of installment selling. Motor paper is almost

exclusively handled by Finance Companies, and in recent months the practice of furniture dealers to use Finance Companies is spreading rapidly in the United States. The primary reason for this is that installment selling requires more capital than is usually available by the dealers, and that by using the facilities of a Finance Company, their business can be extended far beyond the point which would otherwise be possible. Another reason which applies more particularly to merchandise such as motors, where deterioration is rapid, is that Finance Companies demand a strict compliance with the sales contract, and thereby reduces losses to a minimum through repossessing before deterioration overtakes the amount paid on the contract.

The leaning towards the use of Finance Companies is demonstrated by the volume of business transacted by the General Motors Acceptance Corporation. In 1926 this company financed \$631,000,000 of installment paper, principally for motor dealers, and with the growing tendency of other industries to make use of these companies, it would seem to be only a matter of a short time before installment paper is handled universally in this way.

As it is necessary for Finance Companies to borrow from the banks to carry on their business, the question has been raised as to why the dealers do not borrow direct from the banks and hypothecate the paper as security.

The answer is that in dealing with the Finance Companies the banks acquire a double protection—not alone the credit of the Finance Companies, but the notes and other obligations of the creditors of the Finance Companies. Under the Canadian Bank Act, it would not be legal for a bank to take an assignment of a lien contract, but by dealing with a Finance Company they indirectly obtain this protection as well as the additional security of the assets of the Finance Company, which is the fundamental basis on which depends to a



If a Merchant desires to carry his own paper - - -

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Credit and Collection Organization and Practice

By WILFRED C. SIGERSON, C. P. A.

Chief Accounting Engineer, General Office Equipment Corporation
New York City

The demands of modern business for large sales volume and also for speedy delivery, have resulted in the nearly universal adoption of credit as the initial medium of exchange. The cases in which business is transacted on a strictly cash basis are negligible, even in the retail field, to which practical application of the cash policy is restricted. Usually, therefore, possession of goods is transferred, and services are rendered, on credit terms, when the degree of confidence of the vendor in the vendee's ability and willingness to pay is such as to reasonably anticipate payment on the agreed date. This is the condition which gives rise to, or creates, the credit and collection problems.

There are two major phases of the credit problem. The first has to do with the original determination of whether or not the applicant shall be sold to on credit terms, and, if so, what shall be the maximum amount of the risk. The second phase deals with the credit approval of customers' orders or purchases, after the original line of credit has been established, and ledger experience with the debtor has accumulated. In this treatise the first phase of the problem is not dealt with, since it does not involve the vendor's accounting records; the second phase is, however, because of its connection with these records, of primary importance. The collection problem is self-explanatory; the objective is the collection of all of the amounts due from debtors on the dates agreed to according to the credit terms. Necessarily, the credit and collection functions are interlocking, and, although they may be separately organized and administered, must be jointly considered.

ORGANIZATION

While the credit work is usually handled by a separate department, the function is so closely related to general financial functions that it is here designated as the Credit Division of the Financial Department. Furthermore, collection work, which is sometimes carried on as a separate department, is called the Collection Division.

The Collection Division necessarily works in very close contact with the Credit Division, for the latter must, in extending new credit, be in possession of the latest vital facts. In fact, both credit and collection functions are very often merged into one division, the same manager and clerical force acting in both capacities; this is nearly always true in small companies.

Naturally, close co-operation between the Credit and Collection Divisions and the Accounting Department must be established and maintained. In addition, a similar relationship must exist between these Divisions and the Sales Department, since the latter is responsible for the character of the accounts with which the former has to deal.

CREDIT METHODS IN COMMON USE

The effectiveness of the Credit Division's work is dependent, to a great extent, on the method in vogue for the approval of credit, i. e., for the act of placing the stamp of approval on the customers' orders or prospective purchases. Adequate records, efficiently used, result in adequate methods; therefore, the subject of basic credit records is one of primary importance. In common or current usage, the records of major importance are as follows:

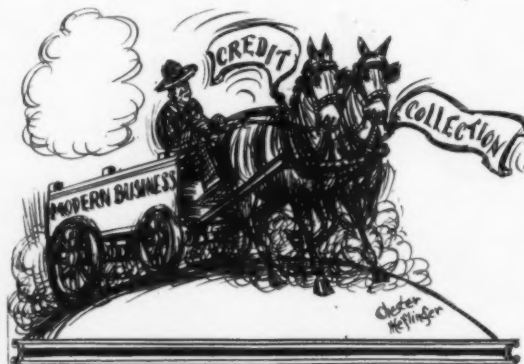
1. Customers Ledger, maintained in Accounts Receivable Division of Accounting Department.
2. Complete Credit Record Card, maintained in Credit Division.
3. Partial Credit Record Card (occasionally in visible index form, particularly in department stores), maintained in Credit Division.

CUSTOMERS LEDGER

In many instances, Customers Ledger Records are used as the sole basis for approving orders, no separate record being maintained in the Credit Division. Those who favor this plan claim it has one outstanding advantage, namely, the advantage of economy; however, this is more apparent than real, as is indicated by the following list of disadvantages of the plan:

First, it involves a great amount of lost and ineffec-

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Credit and Collection Functions
are Interlocking.

Credit and Collection Organization and Practice

(Continued from page 8)

tive used time, on the part of credit clerks, due to being forced to walk to the Accounts Receivable Division for the purpose of locating the ledger record; the record may be out of file and in process of posting, or otherwise in use.

Second, it materially decreases the volume and accuracy of the work of the Accounts Receivable Division, because of the interruptions and stoppages of bookkeepers' routine by credit clerks.

Third, the ledger record does not, in its usual and regular form, present, without a great deal of figuring, a picture of the debtor's status which is conclusively analytical.

NOTE: The balance due on the account is of no great value, even though it is less than the credit limit; orders accepted and approved but not shipped must be added to obtain the true or effective balance. But even more important than the credit limit comparison is the age analysis of the account, i. e., the overdue period of the various items comprising the balance; the ledger record is not usually adaptable for the making and keeping up to date of such an analysis.

Fourth, the plan encourages the examination of the ledger account for every order, whereas that is entirely unnecessary; this examination, if resorted to at all, should be confined to those accounts which are in doubtful or bad condition, and such accounts should stand out clearly, through "flagging."

COMPLETE CREDIT RECORD CARD

There are, also, numerous instances of the use of a complete Credit Record Card, which not only embodies a complete duplication of the data shown on the Customers Ledger Record, but also other data relating to credit limits, orders in process of filling,

et cetera. While this plan does not have the disadvantages of the plan previously described, the cost of maintaining the record is considerable, and would in most cases, probably double the operating cost of the Credit Division.

PARTIAL CREDIT RECORD CARD

Finally, there is a plan which makes indirect use of the Customers Ledger Record but which employs as its direct basis of credit approval a Partial Credit Record Card. An illustration of the functions of the two records used in this plan is shown by the following extract:

"A card record was kept in the credit department which showed this credit limit. It was also marked on each ledger account and instructions issued to each bookkeeper, when posting an account, to notify the credit department, on a form provided, whenever a customer's order brought the account to within 75% of the established credit limits. The bookkeeper also checked up his accounts weekly and notified the credit department of all past-due accounts. Thus, the latter, having made a note on the customer's card each time an account was past due, had only to consult the credit limit cards. If the account was not 'flagged' an ordinary clerk would pass on the credit, and only those which were 'flagged' needed the attention of the credit man. If a customer bought within 75% of his credit limit and if he paid all his bills on time, no notice was sent to the credit department because it was not needed."—*From Office Management, by W. H. Lef-fingwell.*

This plan is adaptable to retail, wholesale and manufacturing business. In retail business, and in other two classes, when terms call for one monthly settle-

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EXHIBIT - A

AGE ANALYSIS OF ACCOUNTS RECEIVABLE AND TRIAL BALANCE

LESSON SP-8
SUBJECT: CREDIT
DATE: MARCH 31, 1928

ORDER NUMBER	DATE	AMOUNT	AGE	STATUS	REMARKS
100-100	1-15-28	100.00	15	PAID	
100-101	1-20-28	50.00	20	PAID	
100-102	1-25-28	75.00	25	PAID	
100-103	1-30-28	125.00	30	PAID	
100-104	2-5-28	150.00	35	PAID	
100-105	2-10-28	200.00	40	PAID	
100-106	2-15-28	250.00	45	PAID	
100-107	2-20-28	300.00	50	PAID	
100-108	2-25-28	350.00	55	PAID	
100-109	2-28-28	400.00	60	PAID	
100-110	3-5-28	450.00	65	PAID	
100-111	3-10-28	500.00	70	PAID	
100-112	3-15-28	550.00	75	PAID	
100-113	3-20-28	600.00	80	PAID	
100-114	3-25-28	650.00	85	PAID	
100-115	3-30-28	700.00	90	PAID	
100-116	4-5-28	750.00	95	PAID	
100-117	4-10-28	800.00	100	PAID	
100-118	4-15-28	850.00	105	PAID	
100-119	4-20-28	900.00	110	PAID	
100-120	4-25-28	950.00	115	PAID	
100-121	4-30-28	1000.00	120	PAID	
100-122	5-5-28	1050.00	125	PAID	
100-123	5-10-28	1100.00	130	PAID	
100-124	5-15-28	1150.00	135	PAID	
100-125	5-20-28	1200.00	140	PAID	
100-126	5-25-28	1250.00	145	PAID	
100-127	5-30-28	1300.00	150	PAID	
100-128	6-5-28	1350.00	155	PAID	
100-129	6-10-28	1400.00	160	PAID	
100-130	6-15-28	1450.00	165	PAID	
100-131	6-20-28	1500.00	170	PAID	
100-132	6-25-28	1550.00	175	PAID	
100-133	6-30-28	1600.00	180	PAID	
100-134	7-5-28	1650.00	185	PAID	
100-135	7-10-28	1700.00	190	PAID	
100-136	7-15-28	1750.00	195	PAID	
100-137	7-20-28	1800.00	200	PAID	
100-138	7-25-28	1850.00	205	PAID	
100-139	7-30-28	1900.00	210	PAID	
100-140	8-5-28	1950.00	215	PAID	
100-141	8-10-28	2000.00	220	PAID	
100-142	8-15-28	2050.00	225	PAID	
100-143	8-20-28	2100.00	230	PAID	
100-144	8-25-28	2150.00	235	PAID	
100-145	8-30-28	2200.00	240	PAID	
100-146	9-5-28	2250.00	245	PAID	
100-147	9-10-28	2300.00	250	PAID	
100-148	9-15-28	2350.00	255	PAID	
100-149	9-20-28	2400.00	260	PAID	
100-150	9-25-28	2450.00	265	PAID	
100-151	9-30-28	2500.00	270	PAID	
100-152	10-5-28	2550.00	275	PAID	
100-153	10-10-28	2600.00	280	PAID	
100-154	10-15-28	2650.00	285	PAID	
100-155	10-20-28	2700.00	290	PAID	
100-156	10-25-28	2750.00	295	PAID	
100-157	10-30-28	2800.00	300	PAID	
100-158	11-5-28	2850.00	305	PAID	
100-159	11-10-28	2900.00	310	PAID	
100-160	11-15-28	2950.00	315	PAID	
100-161	11-20-28	3000.00	320	PAID	
100-162	11-25-28	3050.00	325	PAID	
100-163	11-30-28	3100.00	330	PAID	
100-164	12-5-28	3150.00	335	PAID	
100-165	12-10-28	3200.00	340	PAID	
100-166	12-15-28	3250.00	345	PAID	
100-167	12-20-28	3300.00	350	PAID	
100-168	12-25-28	3350.00	355	PAID	
100-169	12-30-28	3400.00	360	PAID	
100-170	1-5-29	3450.00	365	PAID	
100-171	1-10-29	3500.00	370	PAID	
100-172	1-15-29	3550.00	375	PAID	
100-173	1-20-29	3600.00	380	PAID	
100-174	1-25-29	3650.00	385	PAID	
100-175	1-30-29	3700.00	390	PAID	
100-176	2-5-29	3750.00	395	PAID	
100-177	2-10-29	3800.00	400	PAID	
100-178	2-15-29	3850.00	405	PAID	
100-179	2-20-29	3900.00	410	PAID	
100-180	2-25-29	3950.00	415	PAID	
100-181	2-28-29	4000.00	420	PAID	
100-182	3-5-29	4050.00	425	PAID	
100-183	3-10-29	4100.00	430	PAID	
100-184	3-15-29	4150.00	435	PAID	
100-185	3-20-29	4200.00	440	PAID	
100-186	3-25-29	4250.00	445	PAID	
100-187	3-30-29	4300.00	450	PAID	
100-188	4-5-29	4350.00	455	PAID	
100-189	4-10-29	4400.00	460	PAID	
100-190	4-15-29	4450.00	465	PAID	
100-191	4-20-29	4500.00	470	PAID	
100-192	4-25-29	4550.00	475	PAID	
100-193	4-30-29	4600.00	480	PAID	
100-194	5-5-29	4650.00	485	PAID	
100-195	5-10-29	4700.00	490	PAID	
100-196	5-15-29	4750.00	495	PAID	
100-197	5-20-29	4800.00	500	PAID	
100-198	5-25-29	4850.00	505	PAID	
100-199	5-30-29	4900.00	510	PAID	
100-200	6-5-29	4950.00	515	PAID	
100-201	6-10-29	5000.00	520	PAID	
100-202	6-15-29	5050.00	525	PAID	
100-203	6-20-29	5100.00	530	PAID	
100-204	6-25-29	5150.00	535	PAID	
100-205	6-30-29	5200.00	540	PAID	
100-206	7-5-29	5250.00	545	PAID	
100-207	7-10-29	5300.00	550	PAID	
100-208	7-15-29	5350.00	555	PAID	
100-209	7-20-29	5400.00	560	PAID	
100-210	7-25-29	5450.00	565	PAID	
100-211	7-30-29	5500.00	570	PAID	
100-212	8-5-29	5550.00	575	PAID	
100-213	8-10-29	5600.00	580	PAID	
100-214	8-15-29	5650.00	585	PAID	
100-215	8-20-29	5700.00	590	PAID	
100-216	8-25-29	5750.00	595	PAID	
100-217	8-30-29	5800.00	600	PAID	
100-218	9-5-29	5850.00	605	PAID	
100-219	9-10-29	5900.00	610	PAID	
100-220	9-15-29	5950.00	615	PAID	
100-221	9-20-29	6000.00	620	PAID	
100-222	9-25-29	6050.00	625	PAID	
100-223	9-30-29	6100.00	630	PAID	
100-224	10-5-29	6150.00	635	PAID	
100-225	10-10-29	6200.00	640	PAID	
100-226	10-15-29	6250.00	645	PAID	
100-227	10-20-29	6300.00	650	PAID	
100-228	10-25-29	6350.00	655	PAID	
100-229	10-30-29	6400.00	660	PAID	
100-230	11-5-29	6450.00	665	PAID	
100-231	11-10-29	6500.00	670	PAID	
100-232	11-15-29	6550.00	675	PAID	
100-233	11-20-29	6600.00	680	PAID	
100-234	11-25-29	6650.00	685	PAID	
100-235	11-30-29	6700.00	690	PAID	
100-236	12-5-29	6750.00	695	PAID	
100-237	12-10-29	6800.00	700	PAID	
100-238	12-15-29	6850.00	705	PAID	
100-239	12-20-29	6900.00	710	PAID	
100-240	12-25-29	6950.00	715	PAID	
100-241	12-30-29	7000.00	720	PAID	
100-242	1-5-30	7050.00	725	PAID	
100-243	1-10-30	7100.00	730	PAID	
100-244	1-15-30	7150.00	735	PAID	
100-245	1-20-30	7200.00	740	PAID	
100-246	1-25-30	7250.00	745	PAID	
100-247	1-30-30	7300.00	750	PAID	
100-248	2-5-30	7350.00	755	PAID	
100-249	2-10-30	7400.00	760	PAID	
100-250	2-15-30	7450.00	765	PAID	
100-251	2-20-30	7500.00	770	PAID	
100-252	2-25-30	7550.00	775	PAID	
100-253	2-28-30	7600.00	780	PAID	
100-254	3-5-30	7650.00	785	PAID	
100-255	3-10-30	7700.00	790	PAID	
100-256	3-15-30	7750.00	795	PAID	
100-257	3-20-30	7800.00	800	PAID	
100-258	3-25-30	7850.00	805	PAID	
100-259	3-30-30	7900.00	810	PAID	
100-260	4-5-30	7950.00	815	PAID	</

Credit and Collection Organization and Practice

(Continued from page 9)

ment of all items purchased during the preceding month, the weekly checking for past-due items is eliminated, and this function is performed monthly. The plan reaches its maximum effectiveness in the department store, where the approving of proposed purchases is in charge of an "authorizer," who, by telephone or automatic mechanical device, approves or rejects credit after speedy reference to a handy visible index of tabbed or "flagged" credit cards; an "O.K." phone is also available for referring doubtful cases to a superior, who has the authority to allow purchase, or to take other necessary steps, in connection with "flagged" accounts.

COLLECTION METHODS IN COMMON USE

As far as basic records are concerned, the collection methods in common use depend largely upon the class of business. In the manufacturing and wholesale classes, when terms commence from specific date of each invoice, collectors may be furnished by the Billing Division of the Accounting Department, with copies of invoices; in this case, the invoices are used as collection ticklers, being destroyed when the items are paid. Copies of monthly statements may also be used, either solely or in conjunction with invoices. In retail business, and in the other two classes when terms call for one monthly settlement, duplicate monthly statements may be used. In isolated cases, particularly where bookkeeping machines are not used and where statements are written by hand, the collectors may work direct from the Customers Ledger Records.

In all of the collection plans, mentioned above, it is possible to follow rather closely and effectively individual past-due items. This is more true in those cases in which copies of invoices are used than where statements and ledgers are used. However, at least in their actual operation, none of these plans visual-

izes for the collectors the status of the account as a whole by making continuously available an up-to-date age analysis of each account and all accounts combined. It is one thing to form a mental picture of an account with a balance, for example of \$1,250, of which \$900 is past due; but an entirely different and more valuable impression is gained, from the collector's viewpoint, if an age analysis is made, showing that

\$350 is current,
\$325 is 30 days past due,
\$250 is 60 days past due,
\$200 is 90 days past due, and
\$125 is over 90 days past due.

If such an age analysis is valuable, which seems self-evident, the ideal condition would be that of having it available continuously for all accounts, instead of preparing it only in special cases for separate accounts which are scrutinized closely when it appears that the condition is becoming acute.

LATEST METHOD OF SOLVING CREDIT AND COLLECTION PROBLEMS—ACCOUNT AGE ANALYSIS PLAN

Several years ago, a nationally known oil company evolved a plan, comprising basic records and operating methods, which not only greatly simplified and improved the credit and collection procedure but also decreased the amount invested in past-due accounts. This has become known as the Account Age Analysis Plan. The plan is adaptable, with minor omissions and variations, to any retail, wholesale or manufacturing business, the credit terms of which require or allow settlement once monthly. This is also true of businesses which sell on other standard terms, as, for example, "2% 10 days, net 30," if a broad, general picture of

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EXHIBIT - G

NAME: _____ ADDRESS: _____ CITY: _____

DATE	AMOUNT	DAYS PAST DUE	TOTAL
10-20	\$10.00	10	\$10.00
10-25	\$20.00	20	\$20.00
10-30	\$30.00	30	\$30.00
11-05	\$40.00	40	\$40.00
11-10	\$50.00	50	\$50.00
11-15	\$60.00	60	\$60.00
11-20	\$70.00	70	\$70.00
11-25	\$80.00	80	\$80.00
11-30	\$90.00	90	\$90.00
12-05	\$100.00	100	\$100.00
12-10	\$110.00	110	\$110.00
12-15	\$120.00	120	\$120.00
12-20	\$130.00	130	\$130.00
12-25	\$140.00	140	\$140.00
12-30	\$150.00	150	\$150.00
TOTAL	\$1,250.00		\$1,250.00
TOTAL DUE	\$900.00		\$900.00

Credit and Collection Organization and Practice

(Continued from page 10)

account ages is desired, as a key to collection action rather than as an absolute basis of action.

The fundamental credit and collection advantages of the plan are the same in any business, irrespective of the class thereof. But in the case of the department store the ramifications are greatest and the number of departments and sub-departments affected and served is maximum. Therefore, the plan will be described for a typical department store. Necessary variations in other retail units and in wholesale and manufacturing enterprises will, no doubt, be self-evident.

THE PREPARATION OF THE ANALYSIS

Prior to the monthly closing date, an age analysis is made of each ledger account and the result is recorded on one of the margins of the ledger sheet.

NOTE: The analysis does not include the current month's charges or receipts against such charges; the current month figure will be computed at the time of typing the analysis, as hereinafter described. Therefore, it can be made at any time during the month, but since the majority of customers pay their accounts by the 20th of the month, it would be well to wait until after that date. Of course, cash receipts affecting the past-due analysis which come in after completion of the ledger analysis must be applied to, or deducted from, the memorandum total or totals.

After the Customers Ledger has been closed, and customers' statements have been mailed, the "Analysis" is prepared on an accounting machine. First, the desired number of copies of the "Analysis" are collated, together with, one after another, the blank customers' statements for the new month just commencing. As each account comes up for analysis, the balance on the account from the ledger sheet is typed into the balance column of the statement, imprinting, by carbonization, in the relative column of the "Analysis." Next, the statement is removed and the age analysis figures previously noted on the ledger sheet margin, are written in the various columns provided therefor, e. g., over 90 days, 90 days, 60 days, 30 days, current. Or, if desired, the statement remains in the machine and the age analysis figures are written in the heading, or at the foot, thereof, thus putting the customer on notice, when he receives the statement, at the beginning of the next month, that his account is being closely analyzed. Finally, the

name and address is written. The result is a line entry, comprising account balance and age analysis thereof, for each customer.

This process is continued for all accounts in a ledger or ledger group. Adding registers over the various columns automatically accumulate total values outstanding for the different periods and also the grand total or trial balance figure. The copies of the "analysis" are used, for example, as follows:

1. Collector.
2. Cashier.
3. Credit Bureau Service Clerk.
4. Credit Division and Comptroller.
5. Merchandise Department.

See Exhibit A.

During the month, cash receipts from, and credits to, customers are posted to the collector's copy of the "Analysis," and the balances due for the various periods are reduced or cancelled. See Exhibit A, Age Analysis.

At the end of each month, after that in which the plan is introduced, the posted collector's copy of the previous month's analysis (Exhibit A, Age Analysis) is used with the ledger (Exhibit C, Ledger), as the basis from which the new "Analysis" is prepared; the only difference is that the amounts in the age columns are written one column further to the left on the new forms, e. g., what was 60 days overdue the previous month, will be overdue 90 days in the current month. (See Exhibit C.)

THE USE OF THE ANALYSIS— COLLECTOR'S COPY

Through the simple procedure of applying credits to the "Analysis" (See Exhibit A, Analysis), the collector has a continuous age analysis, an invaluable aid in collecting past-due accounts. It is no longer necessary to use the ledger, except in very extraordinary cases; hence, an immense amount of time is conserved.

The collector has constantly before him, in condensed form, a true picture of the condition of each account and of all accounts. Notations may be made on the "Analysis" as to the promises made by debtors, the numbers and dates of form letters mailed, follow-up dates, et cetera. Also, when, as occasionally, the debtor calls in person, the psychological advantage of being able to read the ages of his various amounts, from a sheet which shows that the com-

EXHIBIT - B

				P. B. BOUTWICK 565 E. 11th ST. CITY					
DATE	AMOUNT	AGE	ACCOUNT	RECEIVED	PAID	RECEIVED	PAID	RECEIVED	PAID
APR 12	3998	12	1 UMBRELLA	3 75		33 30		46 09	
APR 15		15	CASH					50 64	
APR 20	4189	20	1 VELL	1 60				17 34	
								38 74	

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Sixteenth Annual Convention

National Retail Credit Association

Kansas City, Mo., June 19-20-21-22, 1928

PROGRAMME

MONDAY, JUNE 18, 1928

10:00 A. M. MEETING BOARD OF DIRECTORS. National Retail Credit Association, Directors' Room, Shrine Temple.

MONDAY, JUNE 18

Entertainment

RECEPTION AND DANCE.

Place: Kansas City's new and wonderful EL-TORREON BALL ROOM. Reserved for private Dance and Reception by the Retail Credit Association. Accommodates 1,500 couples and is located just outside of the business district. Free Transportation furnished to and from the El-Torreon Ball Room.

Time: 9 p. m. Monday, June 18, 1928.

BUSINESS SESSION

TUESDAY MORNING, JUNE 19, 1928

9:30. MUSIC.

9:45. CALL TO ORDER by Leop. L. Meyer, Cr. Mgr. Foley Bros. D. G. Co., Houston, Tex.; President National Retail Credit Assn.

INVOCATION—Harry Clayton Rogers, D. D., Linwood Presbyterian Church.

10:00. WELCOME to "The Heart of America," Hon. Albert I. Beach, Mayor of Kansas City.

10:15. RESPONSE TO WELCOME—James R. Hewitt, Cr. Mgr. The Hub, Baltimore, Md.; First Vice-President National Retail Credit Assn.

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Kersey Coates Drive

A cool and refreshing drive in the Heart of America.

Sixteenth Annual Convention

PROGRAMME

(Continued from page 12)

BUSINESS SESSION

TUESDAY AFTERNOON, JUNE 19, 1928

10:25. REPORTS OF OFFICERS—President Leop. L. Meyer, Houston, Tex.; Manager-Treasurer David J. Woodlock, St. Louis, Mo.; Secretary and Educational Director Guy M. Hulse, St. Louis, Mo.

10:55. ANNOUNCEMENT OF COMMITTEES.
Credentials.
Resolutions.
Nominations.
By-Laws.

11:00. ADDRESS—"What the Government is Doing to Help Business." Dr. Julius Klein, Chief U. S. Department of Foreign and Domestic Commerce.

11:45. "What the N. R. C. A. is Doing to Assist the Government Compile Accurate Information Regarding the Retail Business."

12:30. RECESS FOR LUNCHEON.

2:00. MUSIC.

2:15. CALL TO ORDER.

INTRODUCTION OF EXHIBIT MANAGERS.

2:25. "Credit Operation Cost and Control." Resume of Statistical Committee. Elmer B. Schick, Cr. Mgr. Crowley-Milner Co., Detroit, Mich.; Chairman Statistical and Research Committee.

2:45. "What the Michigan Bureau of Business Research Found." Dr. Carl M. Schmalz, Asst. Director Bureau of Business Research, University of Michigan.

3:15. "The Credit Bureau the Control of Installment Buying." Reginald S. Martin, Managing Director Retail Credit Assn. of San Francisco, Calif.

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Lake in Penn Valley Park

This park, in the Heart of America, is one of the most beautiful and restful in the Middle West.

Sixteenth Annual Convention

PROGRAMME

(Continued from page 13)

- 4:00. ADDRESS—"The Credit Manager's Obligations to the Customer." Lawrence M. Jones, Chairman of the Board, The Jones Stores Co., Kansas City, Mo.

- 4:20. "Creating Credit Efficiency by Class Study." Resume of Educational Committee. Justin H. Edgerton, Cr. Mgr. McCreery's, New York, N. Y.; Chairman N. R. C. A. Class Education Committee.

- 4:40. "The Possibilities of the Credit Profession." F. J. Habein, Sec.-Treas. Commercial Service Assn., Livingston, Mont.

- 5:00. "The Credit Bureau — The Credit Man." James D. Hays, Mgr. Harrisburg Credit Exchange, Harrisburg, Pa.

- 5:15. ADJOURN FOR DAY.
Group Conferences Tomorrow.

TUESDAY, JUNE 19

Entertainment

VISITING LADIES—BRIDGE PARTY.

Place: The Ivanhoe Country Club. A beauty spot in the country, just outside the city limits. A marvelous scenic ride through Kansas City's famed Country Club residential district.

Time: 2:30 p. m.

GROUP MEETINGS

WEDNESDAY, JUNE 20, 1928

All Delegates will assemble at Convention Hall at 9 a. m. Meeting will be called to order at 9:15 by Frank Batty, Chairman of Group Conferences. The Group Chairmen will be announced and delegates will proceed to the rooms assigned to the various groups.

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A "Lindbergh" view of the downtown district in the Heart of America.

Sixteenth Annual Convention

PROGRAMME

(Continued from page 14)

THE SERVICE DEPARTMENT GROUP

Steve Talkes, Washington, D. C., Chairman.

Guy M. Hulse, Educational Director.

This group will assemble at 9 a. m. in the Convention Hall and go into session at 9:30, when the various Retail Merchandise Groups have proceeded to their assigned halls.

WEDNESDAY, JUNE 20

Entertainment

VISITING LADIES—TOUR OF THE CITY.

A Grey Line Bus Tour of America's Most Beautiful City. Over our world famous boulevards.

Time: 1:30 p. m.

LADIES' PARTY (No men allowed).

Place: Theater, Ararat Temple.

A sequel to the Stag Party for the men and all arrangements in the hands of our lady members.

Time: 8 p. m. until next day.

MEN'S STAG PARTY (No ladies allowed).

Place: Memorial Hall, Kansas City, Kansas.

This entertainment furnished and handled throughout by the men members of our Kansas City, Kansas, Group in their new Memorial Building. Boxing, music, visual and actual food. Protection guaranteed along with your satisfaction. No connection with the outside world except by radio.

Time: Leave hotels at 6:30 on auto tour through Industrial Section, Kansas City, Mo., and Kansas City, Kansas.

BUSINESS SESSION

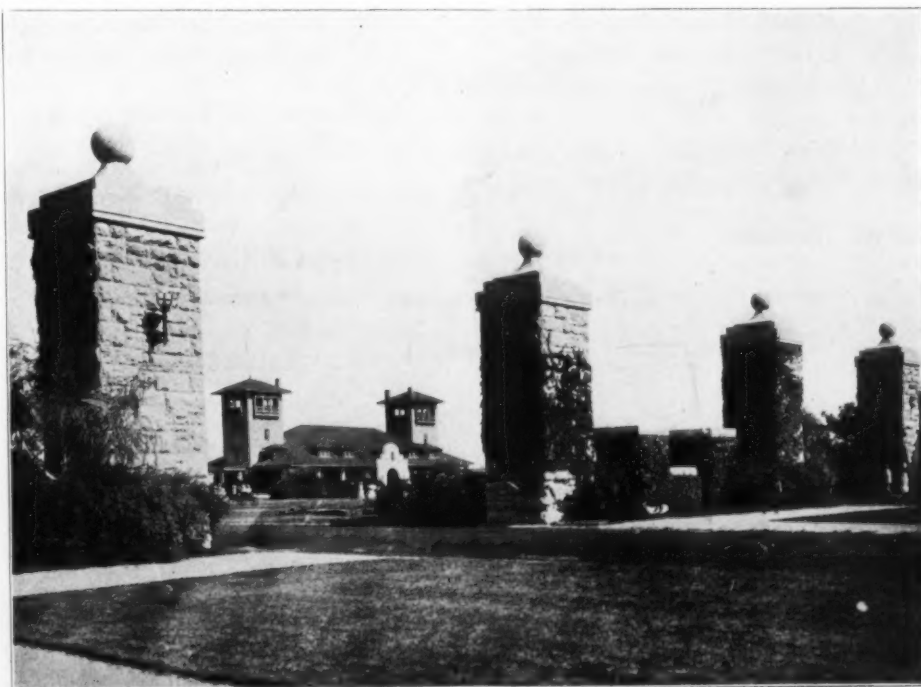
THURSDAY MORNING, JUNE 21, 1928

9:00. MUSIC.

9:15. CALL TO ORDER.

INVOCATION—By Dr. Rev. Harry H. Mayer, The Temple.

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Entrance to Swope Park

This park, in the heart of America, has much of the natural beauty and is beautiful to behold.

Sixteenth Annual Convention

PROGRAMME

(Continued from page 15)

- 9:30. *"The Value of Publicity in Educating the Public in the Prompt Payment of Accounts."* Resume of "Ad Folio" Committee. Milton J. Solon, Cr. Mgr. The Dayton Co., Minneapolis, Minn.; Chairman Pay Prompt Publicity Committee.
- 9:50. *"Doctors and Their Credits."* R. H. Reinhardt, D. D. S. F. A. C. D., Lincoln and Lee University, Kansas City, Mo.
- 10:20. *"What's Ahead of the Retailer?"* Eagle Freshwater, Director, National Retail Furniture Institute, Grand Rapids, Mich.
- 10:50. *"How We Stabilized Automobile Financing."* C. C. Hanch, Genl. Mgr., National Assn. of Finance Companies, Chicago, Ill.
- 11:30. ADDRESS—"What the Merchant Expects of the Credit Manager." Sidney Baer, Stix-Baer & Fuller D. G. Co., St. Louis, Mo.
- 12:00. *"The Real Meaning of a Community Credit Policy."* Stephen H. Talkes, Secy. and Mgr. Associated Retail Credit Men, Washington, D. C.; Chairman Service Department Committee, N. R. C. A.
- 12:15. REPORT OF CREDENTIALS COMMITTEE.
- 12:30. RECESS FOR LUNCHEON.



Liberty Memorial

A monument dedicated to the war dead that rises so majestically in the Heart of America.

BUSINESS SESSION

THURSDAY AFTERNOON, JUNE 21, 1928

- 2:00. MUSIC.
- 2:15. CALL TO ORDER.
Report of Finance Committee. Geo. A. Lawo, Secy. and Treas. John Gerber Co., Memphis, Tenn.; Chairman Finance Committee, N. R. C. A.
- 2:30. *"The Profit Vanishing Point of Accounts Receivable."* E. Gamlen, Cr. Mgr. Frank Werner Shoe Co., San Francisco, Calif.
- 3:00. *"Consumers' Credit vs. Producers' Credit."* W. F. Gebhardt, Vice-Pres. First National Bank, St. Louis, Mo.
- 3:45. REPORT OF NOMINATING COMMITTEE.
NOMINATIONS FROM FLOOR.
ELECTION OF OFFICERS.
- 4:15. DISCUSSION—"Should Interest be Charged on Past Due Accounts?"
Affirmative: F. W. Funk, Cr. Mgr. Atkinson & Co., Minneapolis.
H. F. Sehmer, Mgr. Peoria Merchants Assn., Peoria, Ill.
L. I. Coffey, Metz Lbr. Co., Wichita, Kans.
Thos. McCormick, Culbertson's, Spokane, Wash.
Negative: H. R. Stuart, Cr. Mgr., Halliburton Abbott Co., Tulsa, Okla.
Joel Pincus, The Outlet Co., Providence, R. I.
Edw. J. Dollard, O'Connor Moffett Co., San Francisco, Calif.
OPEN DISCUSSION ON SUBJECT.
- 5:15. ADJOURN FOR DAY.

THURSDAY, JUNE 21

Entertainment

BANQUET, VAUDEVILLE AND DANCE.

Place: Ararat Temple. Seating 1,500 at the Banquet. The best vaudeville obtainable with a novelty presentation that will please. Favors for the Ladies. A Master of Ceremonies who is a real MASTER. No speeches. Music and specialty acts during Banquet; then the Show in the Ararat Temple Theater. Then the Dance until you quit. You'll have to be there to understand how wonderful it will be.

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Sixteenth Annual Convention

PROGRAMME

(Continued from page 16)

BUSINESS SESSION

FRIDAY MORNING, JUNE 22, 1928

- 9:00. MUSIC.
- 9:30. CALL TO ORDER.
INVOCATION—Rev. Bernard J. Hale, Cathedral of the Immaculate Conception.
- 9:40. REPORT OF BY-LAW COMMITTEE.
- 10:00. REPORT OF RESOLUTIONS COMMITTEE.
- 10:30. "The Credit Manager and the Law." Hon. Lawrence McDaniel, St. Louis, Counsel N. R. C. A.
- 11:00. "Retail Credit Extension in Canada." A. G. Donaldson, Cr. Mgr., Hudson Bay Co., Winnipeg, Canada.
- 11:30. WHERE DO WE GO NEXT YEAR?
Five minutes for each city desiring convention to present invitation.
- 11:50. INSTALLATION OF NEW OFFICERS.

12:15. "What I Expect Next Year." By the New President.

12:30. ADJOURN—Till we meet again.

SERVICE DEPARTMENT

The Service Department will hold a special session from 10 a. m. to 1 p. m.

FRIDAY, JUNE 22

Entertainment

TRIP TO LONGVIEW FARM—HORSE SHOW.

Place: The Longview Farm, 22 miles from Kansas City. Owned by R. A. Long and his daughter, Mrs. Lulu Long Combs. A show place of world renown with a Private Horse Show, in which the Prize Winning Horses of Mrs. Lulu Long Combs will be put through their paces.

Time: Leave Kansas City in Autos and Buses at 1:00 p. m., and back in the city by 5:00 or 6:00 p. m.

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PROXY

DELEGATE NATIONAL RETAIL CREDIT ASSOCIATION
CONVENTION, KANSAS CITY, MO., JUNE 19-20-21-22, 1928

TO THE NATIONAL RETAIL CREDIT ASSOCIATION:

I, a member in good standing of the National Retail Credit Association, do hereby appoint and designate

as my proxy, to act as my attorney and in my stead vote my membership at the Convention of the National Retail Credit Association, held in Kansas City, June 19-20-21-22, 1928, for the election of officers or on any other matter upon which a vote is taken.

Witness:

Signed

Firm

Address

Service Department Programme

Sixteenth Annual Convention

Kansas City, Mo., June 19th-22nd, 1928

THIS is strictly a business conference. Morning sessions begin promptly at 9:00 o'clock. Afternoon sessions promptly at 1:00 o'clock. Be on time and remain throughout each session.

Do not hesitate to give your opinion on any subject under discussion. We learn only through an exchange of ideas.

In order to assist the stenographers to give a correct report of the proceedings, always give your name, the name of your organization, and the name of your town, when you address the Chair.

SERVICE DEPARTMENT COMMITTEE

Stephen H. Talkes, Chairman

A. D. McMullen

A. B. Buckeridge

R. S. Martin

J. E. R. Chilton, Jr.

Guy H. Hulse, Secretary

SERVICE DEPARTMENT GROUP MEETING

WEDNESDAY, JUNE 20, 1928

Shrine Temple

Morning Session:

9:00. CALL TO ORDER.

Chairman Stephen H. Talkes.

INVOCATION.

GREETINGS.

President Leop. L. Meyer.

Manager-Treasurer David J. Woodlock.

APPOINTMENT OF COMMITTEES.

Rules and Regulations.

"M" and "T" Ticket.

Efficient Reporting (Session Subject).

Quiz Master: Charles M. Reed, General Manager, Retail Credit Men's Association, Denver, Colo.

9:30. *Inter-Bureau Reports* (Foreign Reports).

J. H. Van de Water, Manager, Retail Merchants Credit Association, Los Angeles, Calif.

10:00. QUIZ.

10:30. LOCAL REPORTS.

Stephen H. Talkes, Secretary, Associated Retail Credit Men, Washington, D. C.

11:00. QUIZ.

11:30. *Making Your Membership 100% National.*

Frank L. Miller, New Orleans Retailers Credit Bureau, New Orleans, La.

11:45. *Building the Largest Local Association.*

Wm. H. Gray, Cleveland Retail Credit Men's Co., Cleveland, Ohio.

12:00. ANNOUNCEMENTS AND RECESS.

Turn to page 19, please

A Personal Message to

I had the pleasure of spending some time in Kansas City going over the arrangements for our Convention, June 19-21, and if the members of the N. R. C. A. knew what I know about the wonderful program which has been arranged for their benefit and enjoyment they would make up their minds to go, and send in their reservations at once.

The Meeting Place

For the first time in our history we meet outside the Headquarters hotel at the ARARAT Shrine Temple, only two blocks from the Muehlbach Hotel, which is Headquarters. The auditorium seats 1,500 persons. The acoustics are perfect. Each member will have an individual leather covered opera chair, carpeted floor insuring no noise, ample coat and hat

rooms, retiring rooms, smoking rooms, committee rooms, and thirty small halls for group conferences. The banquet hall seats 1,600 persons. The ball room accommodates 800 couples. It is a most ideal arrangement.

The Monday Night Get Acquainted Dance

This will be held in the just completed EL TORREON Dance Palace, the last word in beauty and scenic effects.

The Men's "Stag" Party

Will be held in the Memorial Auditorium in Kansas City, Kan., a building seating 4,000 people, and

Service Department Programme Sixteenth Annual Convention

(Continued from page 18)

Afternoon Session:

- 1:00. RECONVENE.
COLLECTIONS.
Quiz Master—Fred G. Stanley, President American Collection Service, Detroit, Mich.
- 1:30. *Making the Collection Department Profitable.*
A. D. McMullen, Secretary, Oklahoma City Retailers Association, Oklahoma City, Okla.
- 2:00. QUIZ.
- 2:30. *Collection Department Procedure.*
W. M. Milham, Manager, Kalamazoo Retail Credit Association, Kalamazoo, Mich.
- 3:00. QUIZ.
NATIONAL REPORTING.
Quiz Master—Adolf Grasso, Secretary, Retail Merchants Association of Texas, San Antonio, Texas.
- 3:15. *The Finance Company—An Undeveloped Source of Profit to Retail Credit Bureaus.*
C. C. Hanch, General Manager, National Association of Finance Companies, Chicago, Ill.
- 3:45. QUIZ.
- 4:15. *Developing New Business.*
Wm. F. Devere, Secretary-Treasurer, Laramie County Credit Rating Exchange, Cheyenne, Wyo.
- 4:45. QUIZ.
- 5:15. ADJOURN.

FRIDAY, JUNE 22, 1928

Morning Session.

- 9:00. RECONVENE.
FINANCING THE BUREAU.
Quiz Master—W. V. Trammell, Secretary, Merchants Credit Association, Birmingham, Ala.
- 9:15. *Relation of Modern Bureau Equipment to Income.*
Alfred C. Moreau, Secretary, Hartford Credit Rating Bureau, Inc., Hartford, Conn.
- 9:45. QUIZ.
- 10:00. *Financial Problems of the Small and Large Bureau.*
A. B. Buckeridge, Secretary, Pittsburgh Credit Bureau, Pittsburgh, Pa.
- 10:30. QUIZ.
- 10:45. *How the Credit Bureau Can Protect the Installment Merchant.*
H. Orrin Jones, Secretary, Dayton Retail Merchants Association and Credit Company, Dayton, Ohio.
- 11:15. REPORT OF COMMITTEES.
Rules and Regulations.
"M" and "T" Ticket.
- 11:45. ADJOURNMENT.

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geto Each Member

the program will surprise and amuse even the most fastidious. Boxing, vaudeville, stunts, circus.

The Ladies' Fashion Show

An exclusive feature for the ladies while the men are attending the Stag, a Fashion Show, with wonderful entertaining features on a scale never before attempted.

The Annual Banquet

In the Shrine Temple. Music and entertainment while dining. No speeches. An Orpheum Circuit show, followed by a dance.

The Horse Show

Everyone knows the reputation of the Long farms, only fifteen miles from Kansas City. A uniformed

brass band will lead the delegates in special busses to the farm and a three hour exhibition of prize winning horses will be held.

The Visiting Ladies

All wives, sisters, daughters or sweethearts of delegates will find every moment while the Convention is in session filled with Theater Parties, Sight-seeing Tours, Bridge, Teas, Luncheons, etc., on a lavish scale.

Kansas City has done its work well. We guarantee no one will leave without feeling he had the best time of his life. As a business proposition or a vacation it will repay every member many times the cost of the trip. Bring the family and make it a vacation.

D. J. WOODLOCK,
Manager-Treasurer.

Lower cost... Bookkeeping

THIS achievement is the direct result of the wonderful mechanical development of Remington Bookkeeping Machines in the past two or three years.

This development work has had one aim and object—to supply exactly and completely the bookkeeping needs of every retail merchant. Our engineers have studied your problems and have given you the best possible solution.

Investigation will prove to you that the Remington Bookkeeping Machines we offer today are the most efficient and economical equipment you can purchase.

They give you complete accuracy, at lowest cost of installation and upkeep.

They give you speed in handling forms.

They give you flexibility—complete application to your own special needs.



Cut out
and mail
to us . . .

for every retailer

They give you ease and simplicity of operation.

The sum of all—they give you results.

We have machines which are special in their application to every one of the following retail bookkeeping methods:

- 1 Dual plan—statement and ledger
- 2 Statement, continuous ledger and audit sheet—
one operation
- 3 Fold-over form—statement and ledger
- 4 Twin cylinder—statement and ledger; both originals

Whichever one of these methods is best suited to your needs, that is the method we can furnish. If you will cut out and send us the attached coupon, checking on same the system in which you are interested, we will be glad to send you descriptive literature on that subject—all without obligation to yourself.

Remington Retail Bookkeeping Machines

Division of

Remington Rand Business Service Inc.

374 BROADWAY, NEW YORK

Remington Typewriter Co.
Division of Remington Rand Business Service Inc.
374 Broadway, New York.

I shall be glad to receive literature on the application of your retail bookkeeping machine to my business. No obligation on my part is involved in this request.

MY BUSINESS IS

NAME

ADDRESS

Reduced Rates For Our Convention

In Kansas City, June 19-22

REDUCED rates of fare and one-half will apply from all points in the United States to Chicago in connection with the semi-annual meeting of the National Retail Furniture Association which will be held June 19-20-21-22, provided there are 250 certificates turned in for validation.

Selling dates will be:

June 12th-18th, inclusive, from all points in

Arizona	Nevada
British Columbia	Oregon
California	Washington
Idaho	

June 13th-19th, inclusive, from all points in

Montana	Utah
---------	------

June 14th-20th, inclusive, from all points in

Colorado	Wisconsin
(except Julesburg)	Wyoming
Illinois	Texas
Manitoba (see note)	Maine
Minnesota	Massachusetts
New Mexico	Vermont
North Michigan	New Hampshire
South Dakota	Rhode Island
North Dakota	

June 15th-21st, inclusive, from all points in

Colorado	Louisiana
(Julesburg only)	Missouri
Iowa	Nebraska
Kansas	Arkansas
Oklahoma	

New York State (east of Buffalo and Salamanca)

New Jersey, Pennsylvania (east of Erie, Oil City and Pittsburgh)

Delaware, Maryland, District of Columbia, Virginia and West Virginia (east of Wheeling, Parkersburg and Kenova)

All southeastern points south of the Ohio and Potomac rivers and east of the Mississippi.

(Note: Manitoba (on Great Northern, Northern Pacific and M. St. P. & S. S. M. Ry.), also from Winnipeg, via Canadian National and Canadian Pacific Rys.)

TIME FOR RETURN IS MIDNIGHT—JUNE 26th

In connection with taking advantage of the reduced fares, the following directions must be observed:

1. Tickets at the normal one-way tariff fare for the going journey may be bought on any of the dates (but not on any other date).

2. Dealer, when purchasing going ticket should be sure to ask the ticket agent for a *certificate*. He should not make the mistake of asking for a receipt.

If, however, it is impossible to get a certificate from the local ticket agent, a receipt will be satisfactory and should be secured when ticket is purchased. The ticket should read *to the point where the convention is to be held* and no other. Dealer should see that certificate is stamped with the same date as shown on ticket.

3. Certificates are not kept at all stations. Should ask home station whether he can procure certificates and through tickets to place of meeting. If not, he should buy a local ticket to nearest point where certificate and through tickets to place of meeting can be bought.

4. Immediately upon his arrival at the meeting, he should present his certificate to the endorsing officer as the reduced fare for the return journey will not apply unless he is properly identified as provided for by the certificate.

5. *No refund of fare will be made on account of failure to either obtain a proper certificate or on account of failure to have the certificate validated.*

6. *It must be understood that the reduction for the return journey is not guaranteed, but is contingent on an attendance of not less than 250 members of the organization and dependent members of their families at the meeting holding regularly issued certificates from ticket agents at starting point showing payment of normal one-way tariff fare of not less than 67 cents on the going trip.*

7. A Joint Agent of the carriers will be in attendance on June 19th-22nd, inclusive, to validate certificates. If dealer arrives at meeting and leaves for home prior to the arrival of the Joint Agent, or if he arrives at meeting later than June 22nd, after the Joint Agent has gone, he cannot have his certificate validated nor secure the benefit of the return reduction.

8. If necessary minimum of 250 regularly issued certificates are presented to the Joint Agent, and dealer's ticket is validated, he will be entitled to a return ticket via the *same route* as the *going journey* at one-half the normal one-way tariff fare from place of meeting to point at which his certificate was issued up to and including midnight of June 26th.

9. Return tickets issued at the reduced fare will not be good on any limited train on which such reduced fare transportation is not honored.

YOU WILL MISS SOMETHING

Members of the National Retail Credit Association will surely miss a wonderful treat, one of the kind which comes only once in a lifetime, if they fail to attend the Convention at Kansas City, June 19-22. Four days of Credit Schooling. A program filled with intellectual speakers and entertainment features surpassing any previous meeting.

What Makes a Collection Letter Collect?

By W. B. THRUSH
of the Dayton Company

I HAVE grouped the few remarks I am going to make under the general term, "Adaptation," which has been called the Golden Rule of Business Letter Writing. In the first place, we must admit that the payment of an account cannot possibly be enforced by means of a letter. Admitting that fact, we must then recognize that the fundamental function of a collection letter is one of persuasion. In business terms persuasion means selling, and we accordingly arrive at the conclusion that a collection letter is fundamentally a selling letter. Another fact that we must keep in mind is that the sender and receiver of a collection letter are on two different sides of the fence. A lazy Alabama ducky was sunning himself on the curb one day when a Salvation Army lassie came and jingled her tambourine under his nose. He shook his head and said, "No," and the lassie said, "Oh, surely you can give something, you owe at least a part of all you earn to the Lord." The ducky again shook his head and said, "Yes, but he ain't pushin' me as hard as the rest of 'em." We would all like to be able to write collection letters that would PULL in money instead of PUSHING it in, but no matter how hard we may try to write pulling letters they are quite likely to appear as pushing letters from the standpoint of the recipient. In the last analysis, the true test of any letter is the results that it gets, and if you are entirely satisfied with the results that your letters are getting, then either the letters are satisfactory and should not be tampered with or you are too easily satisfied.

The object of the larger per cent of business letters is responsive action on the part of the reader, and in practically all cases this responsive action implies the retention or the building of good will. We all know that up to the last stages of a collection, the object of our procedure, whether it be by letters or otherwise, is primarily to collect the account and secondarily to retain the good will of the debtor.

Now there are four standard appeals which all of us consciously or unconsciously make use of in our collection letters. The first of these appeals is that to sympathy. This appeal is

An analysis of letter requirements given before the Minneapolis Retail Credit Association.

usually made by requesting that the debtor pay his account in order to furnish the creditor with funds with which he in turn may meet his obligations. This is considered the weakest of the appeals and is considered not well adapted for use by the average large business concern. It may, however, be used quite effectively by the corner grocer and small dealer.

The second appeal is to the debtor's self interest and this is made use of by calling the reader's attention to the importance of paying his account in order to protect his rating and keep his credit in good standing. Sometimes the suggestion is made that the creditor can offer his merchandise at certain prices provided only that his credit terms are strictly complied with.

The third, and one of the strongest appeals, is to the debtor's sense of justice or fair play which, as you know, is usually made by using the suggestion that credit was extended to him in good faith with belief in his intention and ability to pay, and that the only thing for him to do is to justify this confidence by paying for the merchandise with which he was entrusted.

The final appeal is that to fear, which is customarily used by making threats or suggestions of legal procedure embellished with such terms as suit, garnishment, judgment, and execution. In a very recent article, an advertising manager characterized all four of these appeals as being fundamentally appeals to fear and accused the credit men of overlooking the most effective appeal which can be made, which he describes as the appeal to "cupidity." His suggestion was that we offer such attractive bargains to delinquent debtors that they will pay up their accounts in order to take advantage of them. This would seem to put a premium on delinquency, and although it might be used effectively by some wholesalers or manufacturers, it is very questionable whether it is adaptable as a collection method to the department store or specialty shop. It must also be kept in mind that many delinquent accounts are the result of attractive bargains which have been taken advantage of.



A lazy Alabama ducky was sunning himself on the curb.

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Credit as a Moral Issue

By H. P. VAN VIANEN,

President—Credit Ass'n. Humboldt County, Calif.
Comptroller—Daly Bros. Dept. Store, Eureka, Calif.
(*Credit Literature Committee, Frank Batty, Chairman*)

CREDIT has, up to the present time, been variously studied. We are familiar to a reasonable extent with the technique of credit granting as it is practiced by leading credit managers in different lines of business. Modern and progressive merchants now have an inkling of what Credit Bureaus are endeavoring to accomplish. The economic causes and effects of credit on national business and prosperity have been put in the limelight by bankers and financiers. Statisticians have compiled incidental to the technique of credit, valuable data such as collection percentages and loss percentages. They have published figures showing that the fire losses in America were much smaller than the credit losses. The University of Michigan has undertaken a special compilation of Credit Department statistics, soon to be published.

Merchants are now rapidly becoming interested in *Community Credit Work* in so far as they have had time to grasp the significance of this idea. We have a splendid National Association fostering educational campaigns, and it is further vitally interested in all credit matters. Also we have well managed State Associations, Pay Up Campaigns, and many other laudable activities. All wide-awake merchants in all progressive communities are getting behind their local credit bureaus. Apparently all is well.

Credit has been variously termed. As a matter of fact, there is great danger that the phraseology of these terms has outrun the patience of the more discriminate.

It has been said that, "The world revolves on credit." That "The basis of credit is character." That "Credit is the life of Trade." That "Credit is an honest man's highest good." A rigamarole of these phrases has been doing double duty. As they go the rounds they become more meaningless in the degree that they become more trite, and then they finally catapult into insignificance and become a mere bundle of fossilized, professionalized platitudes. You may possibly discern now what I am aiming at and what I am finding fault with. I have noted an obscure lack of fresh ideas about credit. The world is growing apace. Our basic conceptions about credit have not changed sufficiently in recent times. We need more light on the psychological factors now involved in credit. We have not explored the elysian fields of the credit world.

As our culture grows and we cultivate more feeling and more understanding in the fields of literature, and

science, it is amazing and startling that scholars have not turned their minds to make a rational explanation of the philosophy of credit.

Credit as such is not in the limelight. The writer and the student of human affairs are ignoring it. We have articles about certain credit experiences telling us what to do under specific circumstances. We have the occasional address by the credit man who has been made wiser and somewhat sadder, in the actual routine of credit work. He subconsciously reacts in certain ways. But the attitude has been a defensive one. In the collection end it has been a matter of applying the law, another defense action. In the planning for more business, it has been made a matter of granting easier terms.

The social phenomena surrounding the consumer psychology regarding credit are as yet but guessed at. Existing textbooks and manuals contain instructions. They are dry reading, such as time tables and the like. They do not tell a story. Every worth-while thing has a story. Professor James Harvey Robinson would say, "Credit has not been humanized." Merchandising, advertising, accounting, all have their stories told. The field becomes fascinating as such. Professor Paton's book on the philosophy of accounting reads like a romance. It is alive. Credit now is too narrowly confined. Its subject seems too narrow and the field not wide. Credit has no literature. That is sad. You may say that it does not need it. It does, however. All great constructive ideas have been made popular by writers and scholars. Great and valuable ideas can never be adequately conveyed except through the printed word. The abstracted and basic ideas of anything must be brought home in such a manner to the people that the full meaning will at once become apparent.

It is a fact that credit has never been made an issue nor does it appear that it is becoming one. The people understand issues such as disarmament, child welfare, sanitation, biologic living, eugenics, but it does not know that *credit is a moral issue*, at least it does not conceive of it as such. Subconsciously it may be understood as a part of our culture, but credit has never been expounded as have been the issues in which the public has taken an intelligent interest and active participation.

Forty thousand millions of dollars, Dr. Paul Nystrom estimates our national retail business at. Six-

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Credit as a Moral Issue

(Continued from page 24)

teen per cent of this amount was done by department stores, and half of this percentage was probably charged by department stores.

When it comes to credit every adult in this country should be an interested spectator. Everyone charges at some time or other. Character is not necessarily a basis for credit, but character is our *reaction and response to moral situations*. What is this reaction then to credit?

Bad debt losses are tremendous and run into millions. Repossession is the order of the day. Is it true then that people are less conscientious about paying their bills? Is it true that the lamentable advertising of "conserve your cash," "pay us as you get paid," "nothing down," "credit on your own terms," are undermining our morals? Are they weakening our proper reaction to the moral situation? Is the young generation aware of the propriety of properly caring for definite obligations?

Would it not be well now to realize that the increased standards of living are going to tax the ingenuity of the credit man? As it is essential to maintain mass production we must distribute our merchan-

dise in ever increasing quantities and varieties, and does it not become a problem of first magnitude then to know in what manner we are going to handle credits? Should credit be made a lure for people to contract for obligations which embarrass them?

A well known doctor in a long formula to combat poor health says amongst other things, "Do not get too much into debt." It is time for the Schools of Social Research to study credit and to investigate and analyze the psychological factors in our modern life which are now bearing on the credit structure. Is it not true that often those who buy homes advance this as an excuse for non-payment of open book accounts? Some time ago in an article, "Is credit still sound?" I asked for a stop on the highway. I see that we cannot stop, but there is a curve ahead and I would like to see beyond it. Of course, all matters adjust themselves in the end. Even if an economic loss has to be suffered in the adjustment. It may well be that by intelligent inquiry instituted now we can pave the way for a continuance of a rational credit expansion. "*Luctor et emergo*." The credit ship still floats, flag on top. We may be heading for unknown ports. WHO KNOWS?

National Retail Credit Ass'n Convention— June 18-21—Kansas City, Mo.

Shortest — Quickest and only double-track line
between **Chicago**
and **Kansas City**

FRED HARVEY dining car service on the Santa Fe is conceded by experienced travelers to be absolutely the best in the transportation world.

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also made



7 Daily Trains Westbound

Lv. Dearborn Sta. Chicago	Ar. Union Sta. Kansas City
10:00 a. m. . . . The Scout . . .	9:25 p. m.
1:35 p. m. . . . The Navajo . . .	1:15 a. m.
6:00 p. m. . . . Kansas Cityan . . .	7:40 a. m.
8:00 p. m. . . . Calif. Limited (First) . . .	8:10 a. m.
8:15 p. m. . . . *The Chief . . .	8:20 a. m.
9:15 p. m. Calif. Limited (Second) . . .	9:15 a. m.
11:00 p. m. . . . Missionary . . .	10:30 a. m.

Observation Cars on the Scout, Navajo, Kansas Cityan, Chief and California Limiteds.

*Extra fare

8 Daily Trains Eastbound

Lv. Kansas City Union Station	Ar. Chicago Dearborn Station
8:35 a. m. . . . The Missionary . . .	8:30 p. m.
6:00 p. m. . . . The Chicagoan . . .	7:25 a. m.
7:45 p. m. . . . Chicago Express . . .	8:10 a. m.
9:00 p. m. . . . The Navajo . . .	8:30 a. m.
9:15 p. m. . . . Calif. Limited (First) . . .	9:00 a. m.
9:30 p. m. . . . *The Chief . . .	9:15 a. m.
10:00 p. m. . . . The Scout . . .	9:30 a. m.
11:00 p. m. Calif. Limited (Second) . . .	11:00 a. m.

Observation Cars on the Missionary, Chicagoan, Navajo, California Limiteds and Chief. *Extra Fare.

J. R. Moriarty, Div. Pass. Agent, Santa Fe Ry.
79 West Jackson St., Chicago, Ill. Phone: Wabash 4600, or
Ticket Offices—Dearborn Station, Congress Hotel, Palmer House,
Great Northern Hotel, LaSalle Hotel, Sherman Hotel, Stevens
Hotel, and Uptown Union Ticket Office, Wilson Ave. and Broadway

Excellent Service also from the South & West

A Credit Survey

By FRANK M. SURFACE, A.B., Ph.D.

The credit structure between the retailer and the consumer is a matter concerning which there is much talk and anxiety today. It is also a matter concerning which there is an unfortunate lack of real information.

There appear to be noteworthy developments in process today in the retail credit world. The sales of automobiles and other goods on deferred payments, or the installment plan as it is popularly called, are unquestionably ear-marking a material portion of the purchasing power of many consumers for future months. Stores, large and small, and of various descriptions are selling goods on credit to consumers who have established "charge accounts" with these stores. Gas, electricity, ice and many other goods and services are taken and used currently on the understanding that they will be paid for some time, perhaps the first of the next month. On the other hand, there has been a large growth of chain stores, most of which sell only for cash payments at the time of sale.

The sale of goods to consumers on credit appears to have features which are very helpful to the business world as well as being an obligation to the consumers. However, it also appears that there may be features in the existing practices of extending credit which are harmful and dangerous and which at best are a needless expense. The establishment of credit practices on a higher plane of efficiency can best be secured by a careful study of existing practices on their results.

There are those who claim that the average consumer's credit is being mortgaged so far in advance as to create a serious national menace, and that a business depression which would otherwise be mild would cause a serious credit convulsion. No one has as yet sufficient

By the United States Bureau of Foreign and Domestic Commerce in Conjunction with the National Retail Credit Association.



FRANK M. SURFACE,
A. B., Ph. D.

Asst. Director U. S. Dept. of Foreign and Domestic Commerce In Charge of Credit Survey in Co-operation with the National Retail Credit Association.

Born, Eaton, Ohio, April 22, 1882; A. B., Ohio State University, 1904; M. A., 1905; Ph. D., University of Pennsylvania, 1907; from 1907 to 1917, was engaged in agricultural research work connected with the Kentucky Agricultural Experiment Station and the Main Agricultural Experiment Station; 1911, traveled and studied in Europe, spending considerable portion of time at the Royal Agricultural College in Copenhagen; June, 1917, became associated with the U. S. Food Administration as Assistant Chief of Statistical Division; was Acting Chief of that Division from June to December, 1918; was sent to Paris in January, 1919, as Food Statistician with the American Com-

knowledge of the real facts to give a certain answer to this vital question.

The sale of goods on credit involves a considerable cost. Whether or not this cost is too great is not absolutely certain. However, it does seem almost certain that any merchandizing practice regarding which there is so little systematic information does include many costs which might be reduced. It is our observation that when any merchandizing field has not been thoroughly analyzed it does contain wastes that can readily be eliminated when they are discovered. There is so much dearth of knowledge concerning retail or consumer credit that it should be a very fertile field for the elimination of waste following a careful study of existing practices and their results.

The National Retail Credit Association has become so firmly convinced that, through thorough knowledge of the situation, wastes can be saved for the benefit of both retailer and consumer, and business stability can be rendered more certain, that it has determined that a comprehensive study must be made of retail credit. Since many business men are loath to lay their figures before other business men who may be their competitors, the Department of Commerce has been requested to conduct a survey of the situation. This the Department has consented to do and promises to be very careful to make certain that no figures pertaining to any individual business can become known to any outsider. Moreover, the returns will not in any way be checked against any other reports to any government agency. Retailers may feel safe in laying their figures before us, knowing that the operations of individual concerns

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Turn to page 40, please



Welcome!

National Retail Credit Men

The Baltimore is
conveniently locat-
ed to convention
headquarters.
Only three minutes
walk.

MAKE the Baltimore your head-
quarters while you are in Kansas City
. . . it's the convenient hub of the city's
activities . . . in the very heart of the
club, shopping and theatre section . . .
the hotel provided with every conven-
ience for your comfort and service.

Welcome! National Retail Credit Men
to the Baltimore, Kansas City's largest
hotel . . . the hotel patronized by those
who appreciate the finer distinctions of
good living.

*A card will assure
your reservation.*

Hotel Baltimore

Flashes

From the National Office

INSTALMENT BUYING MAY FEEL EFFECT OF HIGH COURT'S RULING

Washington, Jan. 24.—By refusing to review a case involving title to automobiles, and thus upholding the decision of the Circuit Court of Appeals, the U. S. Supreme Court yesterday laid down the principle, regarded as important because of growth of installment sales, that the sales agency and not the finance company has title to the goods.

The Finance & Guarantee Co., of Baltimore, sought an appeal from a decision in favor of the trustee in bankruptcy of the West York Motor Co.

In this case the automobile manufacturer shipped cars in its name, the invoice being sent to the sales agency and the bill of lading and draft to the manufacturer's correspondent bank. The sales agency paid 20 per cent of the price and gave the finance company a note for the balance, the finance company paying the draft and "leasing" the cars to the sales agency. Upon bankruptcy of the sales agency, the lower courts held that the agency held title to the cars despite the "lease" arrangement. This decision will not be disturbed by the Supreme Court.—*Women's Wear.*

RETAIL SURVEY ASSURED

In a letter addressed to President Leop. L. Meyer, dated April 9th, Dr. Julius Klein Director, Bureau of Foreign and Domestic Service, Department of Commerce, Washington, D. C., says:

"I take great pleasure in informing you that the Department of Commerce has commenced preliminary plans for the retail research survey which the National Retail Credit Association has asked the Department to undertake. On Tuesday of last week, we had an all day

session at the Department with representatives present from the Bureau of Foreign and Domestic Commerce and the Committee of your Association.

"The preliminary work and the conference of Tuesday have indicated the need for this survey and I believe that the business men of the United States will be placed in possession of valuable information when the survey is completed. Elimination of waste is of great benefit to all of our citizens and it would seem that some of this waste is traceable to the credit departments. If we are right in this regard, this survey should do much to eliminate waste and your Association is to be congratulated on the interest that it has taken in this matter.

"With kind regards, I am."

This is another reason why you should get back of the Membership Campaign.

MANHATTAN, KANSAS, IS FIRST BUREAU TO ORDER COMPLETE "PAY PROMPTLY CAMPAIGN"

Mr. J. E. Ames, Manager of the Manhattan Retailers Association, was the first to place with our Pay Promptly and Education Committee an order for the entire "Pay Promptly Advertising Campaign" as worked out by the Committee.

There has been about one hundred and thirty-five or forty cities order parts of the campaign and several cities ordered the entire campaign, therefore the National office feels very much encouraged at the manner in which the bureaus and credit men are receiving the efforts of Mr. Solon's committee. We wish to thank you, Mr. Ames, for your order.

DEPARTMENT OF COMMERCE COMPLETES ANALYSIS OF RETAIL SELLING COSTS.

The local office of the Department of Commerce in this city have forwarded us a copy of the complete report analyzing retail selling costs, and in reviewing this we find there is a vast amount of very valuable information, not only for proprietors of businesses, but for the credit manager, comptroller and sales manager, and I am sure the facts and figures contained in this report will be of material assistance to our members.

Mr. T. L. Gaukel, of the St. Louis district office at 1201 Liberty Central Trust Building, has agreed to furnish our members with the above mentioned report, and I am sure you will find it very profitable to take advantage of Mr. Gaukel's offer.

BALTIMORE CREDIT MANAGERS STUDY THE ART OF CREDIT GRANTING AT THEIR LOCAL MEETING

The Associated Retail Credit Men of Baltimore forwarded us recently a complete program of their meetings and the subjects for discussion during January, February and March. We are passing it on to the membership for the purpose of offering a suggestion for increasing interest in periodical meetings: January 16th and 23rd—The Taking of an Application.

January 30th—Sources of Credit Information.

February 6th—Determining Factors in Passing on an Application.

February 13th—The Other Office of Your Credit Department—The Credit Bureau.

February 20th—Mechanics of the Credit Office.

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Flashes

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February 27th—Collections.

March 5th—Legal Phases of Credits and Collections.

March 12th—The Credit Department as a Business Builder.

RIEGEL AGAIN

An attempt on the part of E. C. Riegel, New York publisher, to demonstrate to members of the North Jersey Association of Credit Men and the Associated Retail Credit Men of Newark, in joint meeting, that they were not credit men but "discredit men," whose chief duty it was to run customers away from the stores, resulted in an uproar which caused premature closing of the meeting.

The meeting broke up abruptly after Uzal H. McCarter, president of the Fidelity Union Trust Company and guest of honor, resented remarks the speaker made concerning personal friends of his who are members of the firm of a New York department store.

MEMPHIS CONVENTION A REVELATION

The following is a paragraph from a letter received from a Credit Manager in South Carolina, and the facts contained therein will be doubly true of the National Convention in "The Heart of America" Kansas City, June 19th to 22nd. Read the following letter and then make arrangements to be present at the 1928 National Convention:

"I am taking this means of advising you that I recently attended the Regional Convention at Memphis, which was the first I have ever attended. I wish to state that although when I was connected with our local credit bureau I preached to my members the importance of such a Convention, I never once realized the educational value of one. The entertainment furnished the visitors was well worth the price of the trip. I hope to be able to attend more of them."

DENVER ANNUAL MEETING IS WONDERFUL SUCCESS

As usual our old friend Charlie Reed leading the Denver gang put over a real annual meeting at which there was 120% of the membership present. For some strange reason the meeting was attended by County Judge G. A. Luxford, Chief of Police Robert F. Reed, Manager of Safety and Excise Reuben W. Hershey; Mr. William Stewart, Clerk of the U. S. District Court; Mr. George Holmes, Managing Editor of the Rocky Mountain News; Hon. John Horne Chiles, Attorney; Mr. Louis Cavallaro, Royal Italian Consulate, and numerous other celebrities.

The rumor is that the officers heard so much about the arrangement for the annual meeting that they felt it their duty to be present to maintain peace and order.

CREDIT LECTURE COMMITTEE MEETING WITH EXCEPTIONAL SUCCESS

We receive daily many excellent letters complimenting Mr. J. H. Edgerton of James McCreery & Co. on the wonderful work done by the Credit Lecture Committee.

In fact, the results of this committee's efforts are so much appreciated that the vast number of lecture courses and instructions which they had printed originally are completely exhausted and they are now in the process of producing an additional supply to meet the demand which is coming from all parts of the country.

A NEW BANKING PLAN

A new and most interesting banking policy has been announced by the National City Bank of New York, which is the richest and one of the most influential financial institutions in the world. It will make small personal loans ranging in amount from \$50 to \$1,000 to salaried men and women at an inter-

est rate of 6 per cent. There will be no fees, investigations or service charges. No collateral will be required. The borrower need only open a savings account of \$1 or more, get two co-signers, certify that he has been steadily employed for six months and that he is over 21.

Unless we are much mistaken, the National City's plan will take hold immediately and become a great success. The poor man has always been at a great disadvantage in this country in the matter of obtaining small loans. He has been compelled to go to loan sharks and to pay interest which frequently amounts to more than the principal. It is common to find a man so enmeshed by small loan companies, borrowing from one to pay interest to the other, that he is hopelessly in debt.

Despite regulatory laws, the loan shark evil has become worse and worse, principally because the loan shark has had no competition. The banks apparently have never been

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JOHN HANCOCK SERIES

Life Insurance for Credit

THE JOHN HANCOCK plan of Business Life Insurance is adaptable to every kind of business enterprise.

Whether an executive in a large corporation, partner in a long established firm, or the sole owner of a flourishing business, you should know about Business Life Insurance.

Upon maturity the policy provides funds to meet unusual conditions likely to follow death of important executive; to allow the surviving partner to purchase deceased's interests; to bridge interval following the sole owner's death until the business is on its feet.

Send for copy of "Business Life Insurance for Executives," containing full details. Address:

INQUIRY BUREAU

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

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\$2,764,000,000 Insurance in Force.

If your policy bears the name John Hancock it is safe and secure in every way.

C.W.

SIXTY-FIFTH YEAR OF BUSINESS

Flashes

(Continued from page 29)

interested in this type of business, though, now that the National City Bank has announced its plan, we daresay its lead will be followed. The small-loan plan encourages thrift by making it necessary to open a savings account and it introduces large numbers of people for the first time to dignified banking institutions.

FLORIDA ORGANIZES STATE CREDIT ASSOCIATION

At the conference of the Florida Retail Credit Association a State Association was formed. The following resolution providing for 100% affiliation with the National Association was passed:

"Be it resolved, that the Credit Men and Women here assembled organize themselves into the Florida Retail Credit Association, to be affiliated with the National Retail Credit Association.

"We recommend a membership fee of \$7.00 a year (\$5.00 of which is to pay National dues), and that local affiliated Associations be organized in every city in the state, each city to have the right to name its own fee so long as it includes the \$7.00 fee of the State Organization.

"Any city organizing a local with as many as ten members shall be considered as an affiliated Association.

"In such cities no firm can join the State Association except through the affiliated Association.

"In cities and towns having no affiliated Associations, individuals may join the State organization by paying the \$7.00 fee direct.

"The officers elected for this Conference shall be the officers for the Association for the first year of its existence and they shall select directors from different sections of the state as they deem wise."

J. H. EDGERTON HEADS NEW YORK ASSOCIATION

J. H. Edgerton, of McCreery's, was elected president of the Associated Retail Credit Men of New York City, Inc., at the association's annual dinner meeting in the Hotel Pennsylvania, when more than 200 association members and their guests listened to a report submitted by Arnold Kann, retiring president.

With Mr. Edgerton, who served a term as president several years ago, were elected J. W. Magan, of John Wanamaker, vice-president; and J. M. Connolly, secretary and general manager. The vote for treasurer resulted in a tie for Thomas H. Hunt, of the Chemical National Bank, the present incumbent, and William Loudon, of McBride's. Another election to fill the treasurership will be held in the near future.

Directors elected for two years are: L. T. Pease, Ovington's; H. O'Brien, W. & J. Sloane; W. A. Baab, Franklin Simon & Co.; R. J. Donnelly, Arnold, Constable & Co.; and for one year, Donald Eyer, Bloomingdale's.

CALLS GROUP "MERCHANT-POSSESSED"

In accepting the presidency of the association, Mr. Edgerton cited possibilities of increased service which, he said, could come with an increased membership, and declared he hoped to see the association's growth continued under his regime. The association is "merchant-possessed," said Mr. Edgerton, in the sense that its revenue is derived from merchants, and the active interests of merchants themselves is desirable, he added. He suggested that merchants should be appointed to the association board of directors, enabling them to participate more actively in its affairs. Suggestions looking to the development or betterment of association services should be forthcoming from all members, Mr. Edgerton

declared, adding that an open board of directors' meeting which every member could attend would be worth while.

The association now numbers 573 members, Mr. Kann revealed in a report discussing association interests during his tenure of office. The membership figure is a net gain of 110 members in a year; 141 members in all joined the organization last year.

FRANK BATTY'S SON KILLED

Hundreds of friends of Mr. Frank Batty, Credit Manager of H. Liebes & Company, San Francisco, President of the Associated Retail Credit Men of San Francisco and Chairman of our Group Conferences for the Kansas City Convention, were shocked to learn that his

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Your Collections

...in...

Detroit

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS.

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
Safety Assured

Address:

MERCHANTS BLDG.
206 E. Grand River Avenue

Flashes

(Continued from page 30)

son, Lawrence C. Batty, a young man of twenty-two, was killed in an aeroplane accident at Eureka, California, on April 29.

The plain in which he was riding as a passenger lost a wing and dropped three thousand feet.

The Officers and Directors of the N. R. C. A. extend to Mr. Batty and his family our heartfelt sympathy.

Mr. H. G. Smock, Credit Manager of J. Mandelbaum & Sons, Des Moines, Iowa, has accepted a position as Divisional Credit Manager of the J. L. Hudson Company, Detroit, Michigan.

TEXAS RETAIL CONVENTION

Three retailers organizations of Texas will hold a joint Convention at Wichita Falls, May 21-22-23. The Retail Merchants Association of Texas, The Associated Retail Credit Men of Texas, The Texas Credit Bureau Association.

The meeting of the Retail Credit Men will be presided over by Robert Stern, Credit Manager of A. Harris & Company, Dallas, who is President of the State Association, and under whose leadership the organization has made phenomenal progress.

Following is the program:

TUESDAY, MAY 22, 1928

Morning Session

Robert Stern, President, Associated Retail Credit Men of Texas, presiding.

9:20—Announcements.

9:30—Relation of Credit Bureau to Credit Grantor, Mrs. Ethel B. Finks, Secretary, Retail Merchants Association, San Benito, Texas.

9:45—Efficiency on the Part of Your Sales Force, R. B. Bryant, Bryant-Link Co., Stamford, Texas.

10:00—A Community Credit Policy, Leopold L. Meyer, Houston, Texas, President, National

Retail Credit Association.

10:30—Discussion.

10:45—Educational Pay Prompt Advertising Campaign, John R. Clark, Credit Manager, Monig Dry Goods Co., Ft. Worth.

11:05—Discussion.

11:15—The Place of Service in Business, John E. Phillips, Credit Manager, The Fair, Ft. Worth.

11:35—Second Report of Committee on Resolutions.



ROBERT STERN

11:45—What Is a Fair Credit Loss, and What Factors Contribute Toward the Loss? L. M. Jahn, Credit Manager, Sakowitz Bros., Houston.

12:00—Adjournment.

12:15—President's Council, Dinner Meeting, Wichita Club, Private Dining Room.

Afternoon Session

Robert Stern presiding.

2:00—The Legal Phase of Retail Credit Work, Judge John C. Read, Church, Read & Bane, Attorneys, Dallas, Texas.

2:20—Discussion and quiz.

2:30—What the Intelligent Use of Credit Has Done for the Retailer, David J. Woodlock, Manager-Treasurer, National Retail Credit Association, St. Louis, Mo.

2:50—Quiz on various Credit Topics, conducted by Mr. Woodlock.

3:30—Report of Committees.

4:00—The Credit Department as a Business Builder, Robert A. Ross, Credit Manager, Neiman-Marcus Co., President, Dallas Retail Credit Men's Association.

4:15—Best Methods to Control Limited Accounts, John M. Walsh, Credit Manager, Goldstein-Migel, Waco.

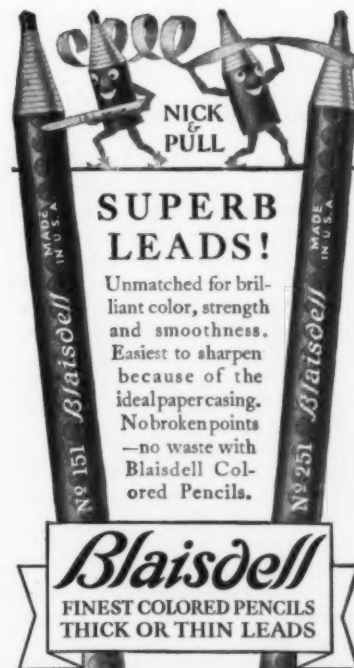
4:30—Adapting Credit Policies to Changing Conditions, J. W. Faulkner, Credit Manager, Dover's, Inc., Port Arthur.

4:45—Problems Confronting the Credit Manager, Carl T. Widén, Bohn Brothers, Austin, President, Austin Retail Credit Men's Association.

5:15—Adjournment.

8:00—Banquet, main Dining Room, Wichita Club.

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Novel and Interesting

The following letter is in answer to a letter for payment after debtor had removed.



65 Creditors are banking on me to win.

Dear Mr. Doe:

I left Des Moines for St. Louis three weeks ago—not because I had creditors there nor because I couldn't hold my chin up and tell the whole world to go to Gehenna, but because I could do better in St. Louis and had to make up my mind one Saturday morning and leave that night—in other words P. D. Q.

I have a good job here and from 60 to 65 creditors in Des Moines who are banking on me to win. Whether their hopes will be realized or not depends on whether "Johnnie" Johnson keeps hewing to the line, and there's nothing in the cards to indicate that he won't.

To every one of those who had faith in me and helped mightily, I want to say with Lindbergh, "Well, here we are!"—and to assure them of ultimate settlement in full.

Thanks, Mr. Doe, and if it takes some little time, remember I'm—starting all over again.

P. S.—Regards to Jack, and if you hear any of the anvil chorus just remind them that I'm writing individual letters and not turning them out on the multigraph, and it takes some time for a fellow as busy as I am, to knock out 65 letters like this one to every one of 65 creditors and friends.

The following letter answers my letter stating that account would be reported to local bureau unless cared for.

Dear Mr. Doe:

Say, for God's sake give me a chance to "Follow Thro in Old St. Loo."

Yesterday I met a fellow who was one of the last men to leave the sinking ship, just before she ran aground—how th' 'ell could a ship sink and run aground at the same time—absurd—but any way this by-product whom I met used to work for Jones. He held out until Pinchem Loan and Trust went plooeey, Jackson's merged and the Weekly Breeze hog-tied the P. & D. Then He pulled up anchor and headed for foreign shores. We had a splendid visit together, but when he told me he "wasn't letting any one of the Birds whom he owed in Des Moines in on the new location," that burned me up and we had a rough and tumble fight out in the alley.

And now that I am out of the hospital—here's a renewal of the pledge in form of an acknowledgment to your welcome letter of the 12th.

Here's a little tip—don't put that account in the hands of a collection agency or lawyer if you are looking forward to 100 cents on the dollar—which YOU certainly WILL get.

It takes time to break into any new place and of course St. Louis is no exception. Nothing tangible in this letter except additional "good intentions"—but considering the accounts that have been charged off there for the past six or seven years—"Good Intentions"—damn near come chuck full of "vitamine content."

Best regards to Jack and "hold your breath!"



Now that I am out of the hospital - -

Replies From a Debtor

This letter portrays reaction after his receiving form letter from local bureau stating that account had been reported to them.



Noah tried to get Eve to board the ark without Adam.

Dear Mr. Doe:

Hi! Hi! Call off the dogs of war!!!!

Here you go getting panicky and turning the account over to a group of professional highbinders, who in turn send me form XXX-125-1-16-27—\$00,000, duly rubber stamped by John Smith.

Talk about the devastation of our national forests. Think—think how much of it is thrown away on just such forms as these, them, those.

Retrieve the gasping patient, Mr. Doe! File it away in the old archives and just as sure as Noah tried to get Eve to board the Ark without Adam, I'll cross your palm with silver ere the next harvest rolls around.

I've got St. Louis breathing heavy, and if I can just slip in a nasty little toe hold and squeeze out of this damned scissors you'll—
—be surprised sooner than that!

And all I've bought since I came down here is one pair of shoes and Friday isn't the only day of the week we've—
—gone without meat!

After advising debtor that account would be forwarded to Association in his City unless paid this letter was received. Note reference to cyclone which tore thru his town recently.

Dear Mr. Doe:

Go ahead old fellow—take any action you want to. It will be all the same in the long run.

You'll get your money at interest in any event—and I'm not unmindful that patience is sorely tried—so shoot!

There's plenty of alibi—but then Hell, the man don't live who can graft "vitamine content" into alibi—common flour though it is.

The "jolly old blooming part of it all is" there was a general upheaval down through a choice bit of "sales territory" some time during September. This was erroneously termed a "cyclone." Hell's Bells—don't tell anybody—it was merely the aftermath of intense sales effort on the part of one Johnnie Johnson, late of Des Moines—more recently of St. Louis. It proved a veritable "Frankenstein" so to speak—a green eyed monster of re-action—and its creator was absorbed in the confusion. If people down here knew that, my life wouldn't be worth an anemic dime!

But, cheerio, judgments, absurd and ridiculous credit ratings, vitriol, scandal and evil what-not will ultimately "fold their tents and silently slink away," leaving in their wake a broad, smooth concourse lined on each side with a trained chorus of "dear old friends" sweetly singing: "He kept the faith—we knew he would—and now he's back to stay!"

In the meantime, Mr. Doe, protect yourself and Jack! At best it can be only temporary—though indeterminate. It isn't fair that you should be paying taxes on it—and give my best regards to Jack. Sincerely as always.

P. S.—Remembah—me proud beauty—there's still that "ray of light in the outer darkness!!" Bah!!



It was merely the aftermath of intensive sales effort

The Michigan Bureau's Credit Study

By CARL M. SCHMALZ, Ass't. Director
Bureau of Business Research,
University of Michigan

THE study of credit and accounts receivable office costs now being conducted by the Michigan Bureau of Business Research at the suggestion of and in cooperation with your Credit Methods and Statistics Committee constitutes a most important step forward for retail credit men. In recent years it has frequently been said that the job of the retail credit man has become something more than a job or a vocation. The fact that credit men have instigated this investigation for the purpose of setting more nearly scientific standards and learning more about their task is evidence of this development. One of the characteristics that distinguishes a profession is the amount of special training required of new recruits and the body of principles that has been built up for guidance. In this Michigan study, credit men are setting out to get information which will enable them to substitute facts for guesses and opinions. The study, therefore, should be most helpful in raising the retail credit craft to higher professional levels.

The present investigation has three major objectives:

1. To set standards of cost wherever possible;
2. To learn what records are kept in credit and accounts receivable departments; and
3. To make an initial survey of the retail man's duties in order to determine what aspects of the work should be investigated further.

The method of the study has been to solicit information on credit and accounts receivable activities from the retail store members of the N. R. C. A. and from some other retail stores not now members. From the information reported to the Bureau, significant percentages and ratios such as those listed below are being computed:

1. Percentage of payroll cost to net sales for both the credit office and the accounts receivable office;
2. Percentage of returns to net sales,
3. Payroll cost per transaction;
4. Number of transactions handled per employee;
5. Percentage of losses from bad debts;
6. Average wage; and
7. Monthly collection ratios.

These various ratios and percentages will be computed for regular charge business and installment business and the resulting data will be grouped by type of store, size of store, and geographical district. Thus, in so far as the data permit, it will be possible to set standards against which the credit men in various types of retail stores may check their performances.

The resulting information will be of value to credit men and their employers because the data will lead to greater efficiency in the operation of credit and accounts receivable departments, indicating places where costs and losses may be reduced, where friction may be minimized, and where satisfaction may be increased. Also, the results of the study will be valuable in assisting practical credit men to decide upon policies more intelligently. In addition, the results of the study will be of direct value to those who are studying retailing as a whole; such as students of general business, store managers, and teachers in the various schools of business.

From the study credit men may expect an increase in the assurance with which policies are decided upon and actions taken; they may expect distinct progress toward a higher professional level for the retail credit craft; and they may expect that retail credit men will be recognized as progressive and alert.

As the work goes forward it probably will become evident that similar studies should be repeated in future years. In the first place it will be necessary to get a larger number of reports than will be forthcoming this first year in order to set standards of as high a quality as the credit profession will need. Secondly, the record keeping function is not thoroughly standardized and in some stores little attention has been given to it. It will probably take some time to get the majority of the stores to keeping comparable and adequate records. Finally, credit men will promptly recognize the need for comparing their own performances with standard performances *annually* in order to get an annual check-up.

It is strongly recommended, therefore, that stores study the Bureau's questionnaire carefully and attempt now to set up records which will enable them to gather these fundamental statistics for the current year and, hence to cooperate more fully in the work a year from now. Furthermore, it is recommended that the reports sent from the Bureau to the member stores be preserved in order that the stores may compare their performances with the average year by year and may note the improvement made.

Controlling Credit

(Continued from page 7)

large extent the amount of credit they can obtain from a bank.

This completes my remarks about installment selling and the financing of the paper produced by this method of doing business, and I shall now turn to the other method of extending credit in which we are particularly interested tonight.

OPEN ACCOUNTS

I have been much interested in the publicity given in the press by your Credit Bureau to the burden placed on our merchants through the neglect of customers to whom credit has been extended by way of an open account to pay their bills promptly at regular intervals. Much of the profit on the sales is eaten up by the interest loss on these accounts and the cost of collecting them.

In my position as Manager of a Bank, a substantial portion of my time is taken up daily by listening to complaints about customers who do not pay their bills promptly. This applies not only to those who, from lack of employment, are unable to meet their obligations, but to customers, who, through indifference and lack of consideration, do not pay when they are in a position to do so.

In many cases these accounts are permitted to run at high figures permanently through the fear of losing a customer by making a just and reasonable demand for payment.

This thoughtless and unreasonable neglect on the part of many of our citizens to meet their obligations promptly creates a hardship, and in many cases, much worry to our merchants, which those guilty probably do not realize, and it is to be hoped that the recent propaganda of the Credit Bureau will afford some measure of relief.

It robs the merchant of needed capital and restricts the volume of business they are able to transact. If the measures already taken do not produce results, I should like to see concerted action taken to demand monthly payments of all open accounts. Some customers may be lost, but others would replace them. The total volume of business in the city would not be changed, and the net result to our merchants would be an untold benefit.

The additional volume of business obtained by competitive methods of granting unbusiness-like credit terms seldom produces a net profit. It usually results in a lack of sufficient capital to extend legitimate profitable business, and almost invariably produces a crop of bad debts which more than absorbs the profits.

Your Credit Bureau is assisting you all it can in its press campaign, its advertisements are well prepared, but your active cooperation is needed if any worthwhile improvement is to be brought about.

Your trial balances will show each month the amount of capital locked up in these accounts and if the total exceeds the volume of sales to these customers by any appreciable amount, I would suggest that an objective be set to bring about a reduction in the accounts to this figure.

The convenience of carrying an open account for customers in good standing is a recognized sound method of doing business, but if these accounts are not paid monthly it amounts to making a permanent free loan to the customer when, as a general rule, it is necessary to borrow from a bank to carry the account, and the amount of interest charged by the bank is the price you pay for not demanding prompt settlement from your customers. Even carrying your customers until the end of the month is costly, but you know what this cost is and can allow for it in your selling price. If the accounts are permitted to run indefinitely, you cannot protect yourselves unless you charge interest, which seems hardly ever to be done.

Open accounts are an entirely different thing from installment selling. In the latter case proper allowance is made in the write up of the merchandise for financing charges and security on the merchandise is retained. In open accounts you have no security and the unknown interest cost is a direct loss to the extent that it and the cost of handling the account exceeds the discount given to cash purchasers.

DELINQUENCIES AND LOSSES

Summing my remarks about delinquencies and losses, which are the standards by which the efficiency of the Credit Manager is judged, I am again going to quote the Professor of Political Economy of Columbia University. He states that:

"Delinquencies are indeed found wherever credit is granted. In the case of successful payments under the installment system, however, delinquencies in the first period may be more or less closely connected with those in the successive periods, and call for special treatment. On the other hand, the early delinquencies may be made good later on, so as to obviate a default in final payment.

"The chief characteristics, however, of the articles sold under the installment plan is that the seller retains some legal right in the article sold. With this lien on the article, the seller possesses an added security for the credit advanced.

"Delinquencies on the part of the installment purchaser are in some respects not very different from those found in ordinary open accounts. The failure to meet the obligation at the appointed time may be due to some oversight or defect in the process of collection. The purchaser may be entirely able or will-

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Credit and Collection Organization and Practice

(Continued from page 11)

pany is closely watching all accounts, cannot be overestimated.

CASHIER'S COPY

An almost universal rule requires cashiers to examine the ledger account before accepting cash in those cases in which the customer holds no statement or other record of the amount due. With a copy of the "Analysis" at hand all difficulties and complications of this kind are easily overcome. Reference to the ledger account is not only unnecessary, but also it could not, without a considerable amount of figuring, give the picture instantly obtained from a glance at the "Analysis." And that glance is many times productive of great value to the company, since the cashier can, through the knowledge gained, diplomatically refer the customer to the past-due conditions, and many times obtain a larger payment than had been planned. Also, the cashier can politely ask when the balance will be paid and note the same on the "Analysis" in the presence of the customer, thus recording an agreement to pay.

AID TO AUTHORIZER

Credit passing or approving in department stores is based on the application of the "Exception" principle, i. e., all proposed purchases are approved except for those accounts which have been signalled or flagged to indicate an excess of past-due items or exceeding of the credit limit, and except for those accounts the credit limit of which would be exceeded by the contemplated purchase. If it were necessary to look up the ledger account in each case, that function alone would require a score or more of clerks. Therefore, by almost universal practice, an Authorizer is placed in charge of a visible index of all customers, each small card in the index showing the credit limit and providing for various flaggings, which provide the Authorizer with a basis for immediate decision. The Customers Ledger Division advises the Authorizer of those customers which are approaching, or which have exceeded, the credit limit; of receipts affecting flagged accounts, et cetera. Also, the Credit Division, under the jurisdiction of which the Authorizer functions, provides the basis for placing of restrictions on, or removing of restrictions from, index cards.

The use of the "Analysis" not only insures more prompt and speedy flagging of accounts which are in danger, but also provides invaluable data from which to change the signals. This changing of signals is made from the collector's copy of the "Analysis" immediately after it has been completed and Credit Division officials have made a cursory examination thereof for the purpose of noting exceptions to the policy which will govern the Authorizer. While the policy varies with different department stores, probably the

average practice calls for flagging those accounts in which three months' charges have accrued. During the month, as requests come from sales departments for credit approval on flagged accounts, the Authorizer immediately gets in touch by "O. K. phone," with the collector, who refers to his copy of the "Analysis," from which he can make a quick decision without reference to the ledger account. Having applied credits to the "Analysis," he has vastly more information than could be derived from the ledger, except as to current month charges, which are not the subject of consideration. If the requested credit happens to represent a small purchase, the collector may authorize passing it, and then send to the customer an appropriate collection letter, noting such sending on his "Analysis." As the collector posts credits to his copy, he prepares a list of accounts from which restrictions are to be removed, or on which signals are to be changed in some respect, and sends this list daily to the Authorizer, who effects the removal or revision in the index.

CREDIT BUREAU SERVICE CLERK'S COPY

The majority of companies are members of an association which operates a Credit Bureau, which is provided, usually on request, with ledger experience of customers.

The "Analysis" is invaluable to the Credit Bureau Service Clerk. Used in conjunction with an up-to-date application file, it reduces reference to ledger accounts to the time required to note the current month's balance, thus conserving the time of clerk and bookkeepers. Furthermore, the "Analysis" provides the basis for the mailing of various forms which stress the importance of paying, and thus makes it possible for the service to render good reports when requested to do so.

CREDIT DEPARTMENT'S COPY

Although, with unimportant exceptions, business men take credit for, or accrue, revenue from sales in the month in which the sales were made, in reality a sale is not revenue until the proceeds are in the bank. A knowledge of this fact, predicated upon personal experience or upon the experience of others, makes the credit problem one of major importance to credit managers, comptrollers and other officers. And they realize that the satisfactory solution of the problem lies in control of the age of accounts. Therefore, the credit manager urges his collectors not only to effect large collections in comparison with sales but, also, to reduce the comparative amounts outstanding longer than the period of the credit terms. The modern business practitioner, who is daily bringing into play more scientific analysis, would like, if he could have

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Credit and Collection Organization and Practice

(Continued from page 36)

the basic figures without great labor and inconvenience, to watch the monthly trend of amounts invested in past-due accounts of differing ages in relation to sales volume and to total accounts receivable. But, with the majority of bookkeeping and credit systems the burden of such a monthly analysis is too great; very few companies have it made up quarterly, some have it prepared annually by auditors, and others do not have it at all.

The "Analysis" meets simply and effectively this potential demand for fundamental credit statistics. The Credit Division's Copy after examination by the Credit Manager, is passed on to the Comptroller, who has totals, by ledger or ledger group, transferred to charts or graphs from which he will be able to study trends and through which he will be able to formulate the basis for policy revisions.

MERCHANDISE DEPARTMENT'S COPY

There is no better list of prospective buyers than regular customers, and a direct mail campaign with them as recipients is usually fruitful of results. The "Analysis" which shows names and addresses of all customers, whether active or inactive buyers, is therefore of great value to the merchandise departments. If desired, the figure section of the "Analysis" may be omitted or detached from the name and address section, and only the latter sent to the department. Also, the usual plan is to give this copy to different departments each month.

THE RESULTS OF ACCOUNT AGE AND ANALYSIS PLAN

The plan, as described, results, in the majority of instances, in the saving of energy, time, space, equipment, material, and in the turning of possible loss into profit.

SAVING OF ENERGY

1. Worry and uncertainty of Credit Manager and officers eliminated or substantially reduced.
2. Effort of collectors, required to obtain true picture and status of account, practically eliminated.
3. Friction, between departments and individuals therein, because of constant interruption of bookkeeping work, eliminated.

SAVING OF TIME

1. Saving of energy in saving of time.
2. Time required to determine that an account is in bad or dangerous condition reduced.
3. Time required to do bookkeeping work reduced due to elimination of interruptions.
4. Time required to stop extensions of credit reduced; the plan makes stoppage almost coincident with the originating of the cause.
5. Time required to determine trend of credit situation and to inaugurate stricter policies reduced.

6. Time required to prepare mailing lists of customers for advertising purposes reduced.

SAVING OF SPACE, EQUIPMENT AND MATERIAL

1. Less records and less equipment required, due to increase in efficiency and elimination of duplication of records.
2. Smaller staff of clerks required, because of saving in energy and time.

SAVING THROUGH TURNING POSSIBLE LOSS INTO PROFIT

1. Losses from bad accounts reduced, due to prompt action, based on current, effective data.
2. Interest on borrowed money reduced, because of reduction in amount invested or outstanding in the form of accounts receivable.

It will be clear, no doubt, from examination and consideration of the foregoing list of savings, that a thorough qualitative analysis of the customers accounting and credit and collection systems in vogue in any business may easily result in immediate and continuing benefits.

Controlling Credit

(Continued from page 35)

ing to pay his installment, but he may have forgotten about it. It is to be assumed that the seller pursues proper collection methods, that his follow-up plan is adequate, and that the machinery is up-to-date. But no matter how admirable the collection department may be, some delinquencies are apt to arise from the fact of *misplaced credit or confidence*. *The original credit analysis thus becomes of primary importance.*

"The delay in meeting the obligation at the particular time may be due to two sets of causes. The purchaser may be an entirely good credit risk as an individual, but unforeseen circumstances over which he has no control may cause a delay in the payment. Carelessness in the granting of the original credit, however, is the principal cause of delinquency or delay in payment."

You will observe the stress that is placed on the original credit analysis before the sale is made, and that neglect to do this properly is regarded as being the principal cause of delinquency. This is where the Credit Manager comes in. It is his duty to know his policy, check up at regular intervals to see that the results obtained are in line with his objective and to analyze the credit standing of a purchaser before a sale is made. The information available at your Credit Bureau has proved to be of great assistance to us as bankers, and I am sure that it is of material assistance to you as an aid to avoid improper sales.

What Makes a Collection Letter Collect?

(Continued from page 23)

Now our problem is to so choose and present these appeals as to most effectively stimulate the payment of delinquent accounts. To do this, it is necessary that we keep the principle of adaptation firmly in mind. Adaptation in our letters is made to either groups or individuals as the case may be, and involves a sympathetic understanding of the particular characteristics, environment, and the problems of the groups or individuals to whom we are writing. Adaptation consists of adjustment to the reader in style, language, and ideas. By style we mean the general tone and expression of the letter. I believe that many otherwise good collection letters are rendered ineffective by a certain diffidence on the part of the writer which results in a more or less apologetic tone and in the use of alibis such as "this account has undoubtedly escaped your attention," or "we are sure you must have some good reason for letting this bill go so long," or "possibly our previous letters have not reached you." Many debtors are quick to take advantage of expressions of this kind and I believe the experience of most of you will bear out the statement that the average delinquent debtor is well stocked with alibis and excuses and needs no suggestions from us along that line. We should avoid the hesitant and apologetic tone and also the curt and suspicious tone in our letters and should make them courteous, cheerful, and above all, firm. If we are bold enough to venture out into the field of novelty and humor in collection letters, we are indeed on dangerous ground.

I am convinced that it takes an expert to successfully inject an element of humor into a collection letter, because the situation is far from humorous either from the standpoint of the debtor or the creditor, and for that reason any attempt at humor is apt to appear artificial and insincere to the reader. It seems to me that the safest thing to do is to avoid the idea of humor in the great majority of cases and substitute the cheerful, courteous, and personal tone. On that point, however, there is, of course, the danger of being too personal and that is rather humorously illustrated by the following two letters. The first is from the collection manager of a wholesale house to a delinquent dealer, and reads as follows:

"I was interested to note in yesterday's paper the successful ending of the big drive in behalf of ——— College. Truly a remarkable achievement and one which will mean much to the youth of our land. Knowing that a son of yours entered ——— College last fall this news item held a special interest for me. I sincerely compliment you upon selecting a college for your boy which has such splendid prospects, and am sure you will be repaid many times over for your

far-seeing efforts in behalf of his future which we can well say is already assured.

"By the way, Mr. Edwards, I notice there is a bill of \$50.00 which is considerably past due. Doubtless it has been overlooked. Can't we have your check by return? Thanks."

And here is the dealer's reply:

"I have your letter of the 11th dictated by A. Nixon, whom I would not know from a bale of hay if I saw him. Just why he should concern himself with my personal affairs is a mystery to me. If he has any of his own I would advise him to attend to them. I am enclosing my check which was made out and in the outgoing mail when his letter was received. I would have sent it before but I had to go to this pin-headed college to get my fool son out of jail. I don't feel as certain as you do about his future—not by a lot. The endowment he and that college both need is brains. In fact I wouldn't be surprised if that was your trouble. Take a good look at the check, as it's the last one you'll get from me until your interest in my personal affairs subsides."

The second way in which we can adapt our letters is in language, and about all we need to say about that is that regardless of to whom we are writing, clear, simple language is invariably the most effective, and that in any case we must be sure that the language will not only be understood but will be easily understood by the reader.

The third form of adaptation is in ideas, and I will simply say that the selection of collection ideas and appeals to be used in approaching any group or individual is highly important. To some the appeal to justice may be the strongest, to others the appeal to self interest, and there always seems to be a class of people who can be reached only by appeals to fear.

As a final illustration of the principle of adaptation, I will mention a skillfully written letter which was received a few years ago by an automobile supply wholesaler from an Eastern manufacturer. From a literary standpoint the letter was very attractive; it called the debtor's attention to an old Indian custom that prevailed on these prairies many years ago which compelled a brave who had purchased a pony for wampum to deliver the wampum within a period of one moon, or thirty days. This, the writer said, is one of the few Indian customs which have come down to us, and he called the debtor's attention to the fact that a period of more than one moon had passed since the date of his company's invoice and that no remittance had been received. This letter so appealed to the credit manager of the wholesale house that he decided to use it as a form letter to some four or five

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Creditorial

(Reg. U. S. Patent Office)

By LOUIS SINCLAIR GRIGSBY

Ass't Secy., Associated Retail Credit Men, Washington, D. C.

OFFICIAL COMMUNIQUE No. 576—At the Front—President General Leop. L. Meyer, Houston, at the head of an Army of sixteen thousand members of the National Retail Credit Association led his troops into action at the zero hour May 1st, in the campaign for five thousand offensive against old man Ded Beet, the renegade charge customer, and his lieutenants D. Linquent and Skip Account.

War correspondents at general headquarters report this is a nation-wide drive after weeks of strategic planning by Quartermaster General Woodlock and aides. The terrain under fire has been carefully gone over by Chief Signal Officer Hulse and minute developments in activities of the enemy noted.

The shock troops of the Association under command of Brigadier General Stephen H. Talkes of the Service Department have carried on a heavy bombardment by mail and in person. These selected warriors numbering one thousand are already in advance of the main column, heavily manned with application blanks, pens, pencils and ink.

Little can be learned of the enemy's plan for defense, as information reaching General Headquarters indicates low morale with no provisions for a sustained siege.

Late in the afternoon of the first day of this devastating drive prisoners were being brought in, each identified by a signed application blank.

General Meyer issued orders to his force that no quarter be shown, that this drive would not stop until May 15th and that five thousand prisoners must be accounted for on that date.

In the first skirmish, following a broadside of literature from state commanding officers, a heavy gain was noted in the number of undesirable applications for credit detected in the day's business. It is reported, also, that profit and loss accounts show a decided weakening.

Late in the day signal corps officers found it necessary to string additional wires into the office of the commanding general to keep up with the barrage of messages covering battles in the various sections and number of prisoners taken.

General Meyer late last night issued the following statement: "Onward, my brave troops. On to victory and success. Your efforts have been brilliant and on the horizon I see another day crowned with the laurels of victory. Let every member of our army lend effort to bring this splendid fight to a successful and happy victory. Fight on. Let us go into encamp-

ment in Kansas City in June, there to seek the companionship of true fighters after a splendid achievement. There it will be my pleasure to award citations to those of our ranks who distinguished themselves above and beyond the call of duty. Would that I could facilitate each and every unit in this marvelous army raised in the interests of better retail credits."

Service Department Program

(Continued from page 19)

GROUP CONFERENCES

WEDNESDAY, JUNE 20

GENERAL CHAIRMAN

Frank Batty, Credit Manager, H. Liebes & Company, San Francisco, California.

ASSISTANT GENERAL CHAIRMAN

Russell H. Fish, Credit Manager, The May Company, Denver, Colorado.

GENERAL QUIZ MASTER

David J. Woodlock, Manager, Treasurer, National Retail Credit Association, St. Louis, Mo.

NATIONAL RETAIL CREDIT ASSOCIATION

SERVICE DEPARTMENT GROUP

Chairman, Stephen H. Talkes, Secretary-Treasurer Associated Retail Credit Men, Washington, D. C.

Vice-Chairman, Guy H. Hulse, Secretary, National Retail Credit Association, St. Louis, Mo.

DEPARTMENT STORE AND WOMEN'S SPECIALTY

SHOP GROUP

(Combined)

Chairman, R. V. Chaffee, Credit Manager, The Ernest Kern Co., Detroit, Mich.

Vice-Chairman, W. W. Weir, Credit Manager, The May Co., Los Angeles, Calif.

BOOT AND SHOE DEALERS' GROUP

Chairman, Fred Kuhn, Kuhn, Cooper & Gary Company, Nashville, Tenn.

JEWELRY GROUP

Chairman, P. O. Greer, Credit Manager, Fruend Jewelry Co., St. Louis, Mo.

PUBLIC UTILITY GROUP

Chairman, A. H. Randel, Manager, Credit and Collection Department, United Electric Light & Power Co., New York, N. Y.

Vice-Chairman, L. L. Schlosser, Superintendent of Collections, Detroit City Gas Co., Detroit, Mich.

Flashes

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MAY 23, 1928

Morning Session

C. E. Dinkle, President, Texas Retail Credit Bureaus, presiding.

9:30—The Advantages of the Texas Prepaid Ticket, Edw. D. Hodge, Manager Business Men's Protective Assn., El Paso; W. D. McFarlane, Secretary, Retail Merchants Assn., Graham.

Open discussion.

10:20—Report of Committees.

10:30—Standardizing Business Methods, Wm. Monnig, Jr., Ft. Worth, Texas.

11:00—The Retail Merchants Loan Company, E. G. Graves, Asst. Secy., Retail Merchants Assn., Ft. Worth.

11:30—Chain Stores, Marion Smith, Pres. and Gen. Mgr., W. B. McClurkan & Co.

11:45—Community Building, Hubert R. Harrison, Mgr., Wichita Falls Chamber of Commerce.

12:05—Adjournment.

Noon to 2:30—Retail Secretaries Luncheon Meeting. Music and entertainment furnished under direction of J. W. Thomas, Manager R. M. A., Wichita Falls.

Business Session—

Quiz, "A Standard Report."

Its Contents—Its Price.

Conducted by Sam S. Solinsky, Secretary, Retail Merchants Assn., Beaumont.

Discussion.

Election of officers.

Frank M. Surface A.B., Ph. D.

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mission to Negotiate Peace; following this, became Chief Statistician for the American Relief Administration, remained in Europe until the end of 1919; Economist for the U. S. Grain Corporation, December, 1919, to May, 1920; Director of Trade and Finance Bureau of the Washington Herald, May 1920, to May, 1921; editor and founder of the Survey of Current Business in the Bureau of the Census from May, 1921, to March, 1923; in charge of Survey of World Trade in Agricultural Products for the Bureau of Foreign and Domestic Commerce, March, 1923, to July 1, 1924; economist, U. S. Grain Corporation, July, 1924, to September, 1926; economist American Relief Administration, September, 1926, to March 1, 1927; since March, 1927, Assistant Director, Bureau of Foreign and Domestic Commerce. Author or co-author of some sixty scientific papers published in technical journals in this country and abroad and of several books, including "Stabilization of the Price of Wheat During the War and Its Effect Upon Returns to the Producer," "American Pork Production in the World War," "The Grain Trade During the World War."

A Credit Survey

(Continued from page 26)

will be held in strict confidence and that only summaries of groups of business will be made public.

The Department trusts that those who are asked to reply to its questionnaires will not look upon them as "another government annoyance." This survey is being made solely at the request of the leaders of the Credit Association for the benefit, not the annoyance, of the business world, and the Department is conducting it because it is felt that an outside agency can do the work more effectively.

If those to whom the questionnaires are sent will cooperate by supplying the requested information

carefully and promptly, the Department expects to be able to supply in return a body of information which will help to reduce waste in this phase of business and to stabilize the credit structure of the nation.

What Makes a Collection Letter Collect?

(Continued from page 38)

hundred automobile dealers and repair shop proprietors. I suggested that the letter might be a little too artistic to be well adapted to that group, but nevertheless it was sent out. The results were not especially gratifying and seemed to indicate that while the style and language of the letter were satisfactory the collection idea was not suitable to that class of trade.

I have always remembered two of the replies which were received. One was from a dealer in Nebraska who said that he had sold the pony that he bought from us to another brave and as soon as he received the wampum from him he would send it on to us. The other reply was also from a Nebraska dealer who complained that he had not received credit for certain returned merchandise and ended by saying, "and furthermore, if we must read these Boy Scout letters, please make them short."

Classified Column

\$2.50 for 33 words or less; additional words 5c each; payable in advance. Mail copy and inquiries to the Advertising Department, 1017 Morgan St., St. Louis, Mo.

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